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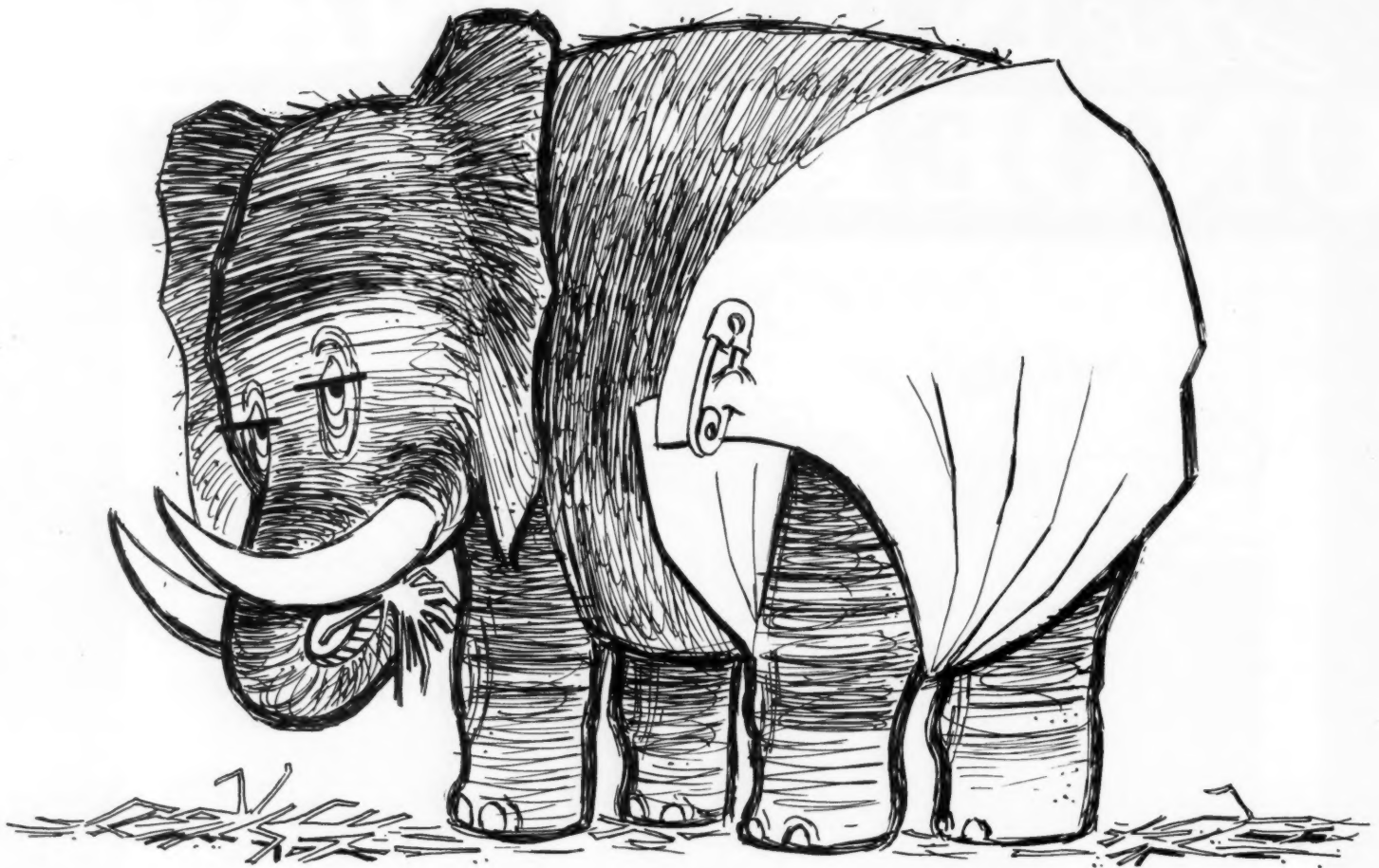


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The NATIONAL UNDERWRITER

61st Year, No. 8
February 21, 1957

The National Weekly Newspaper of Fire and Casualty Insurance

National Casualty Case Is Argued at Cincinnati

Court Asks Whether Cited Ads in Use When FTC Complaint Was Filed

By WILLIAM B. BORGEL
Editor, Accident & Sickness Review

The vital question of jurisdiction of the Federal Trade Commission—and other pertinently related questions—were submitted Monday to the U. S. court of appeals at Cincinnati, where arguments were heard in the petition of National Casualty for reversal of the FTC decision resulting from its complaint against the company for misleading advertising.

Among the leading related questions that were discussed in the arguments were: Was the advertising deceptive? Was the advertising still being used at the time of the complaint? What are the limitations of state regulation? What is the application of the McCarran act to the regulation of insurance by FTC?

Members of the court judiciary were Charles C. Simons, Detroit, who presided; Florence E. Allen, Cleveland; and Shackelford Miller, Louisville. John F. Langa, Detroit, presented National Casualty's arguments. Robert B.

(CONTINUED ON PAGE 32)

450 Turn Out to Welcome Palmer as Ind. Commissioner

INDIANAPOLIS—Alden C. Palmer, the new Indiana commissioner, was given a rousing welcome to his job by more than 450 insurance men and women who jammed into the ball room of the Indianapolis Athletic Club Monday evening for a reception and dinner in his honor. Mr. Palmer made a hit when he responded to the many tributes paid him with a talk which blended humor and sincerity with an impassioned plea for funds adequate to do the job that faces the insurance department.

Although sponsored and sparked by Indiana Assn. of Life Underwriters, the insurance organization that knows Mr. Palmer best, it was an all-industry affair and attracted representatives from all segments of the business. Thirty-one Indiana company presidents were introduced, along with Harold P. Winter, vice president of Union Central of Cincinnati and James E. Rutherford, Prudential's vice president in charge of the Midwest home office.

Ray Patterson, Indianapolis general agent for Penn Mutual Life, served as master of ceremonies and first called on Gov. Harold W. Handley, who had to hurry to another meeting. Gov. Handley said he believed he made "a ten strike when I talked Alden into being insurance commissioner." He also admonished the members of the legislature present for being so "rough" on the insurance department budget. Most of the members of both the house and senate insurance committees were in the audience.

Mr. Patterson then introduced the 31 company presidents, plus the dignitaries at the head table, who included Oren E. Pritchard, Indianapolis manager for Union Central and secretary of National Assn. of Life Underwriters; Dr. George E. Davis of Purdue, director of adult education and

(CONTINUED ON PAGE 24)

Receivership Ordered for ICT of Dallas

Receivership proceedings for ICT of Dallas were ordered by Texas board of insurance commissioners at a show cause hearing in Austin Tuesday when the company announced it had been unable to collect the additional \$1,500,000 cash needed to assure solvency.

James G. Cage, president, had requested the board at the hearing for a 10-day extension for producing the funds, saying that the company's drive for stockholder contributions of \$1 per share had brought in \$153,000. He explained that present company management did not contest the board's allegations that ICT is hopelessly insolvent, which had led to the show cause hearing.

Figures introduced at the hearing indicated that ICT showed a gross deficit of \$4,460,245 and that it owed policyholders \$2,960,243.

The board, in denying Mr. Cage's plea for postponement, also asked Attorney General Wilson to take appropriate action in the courts.

After four days of negotiations in Dallas with "Mr. X," an unnamed wealthy Texan, President James G. Cage of ICT late last week directed his efforts towards realization of his plea to the company's 14,000 stockholders to contribute \$1 per share to salvage the company, which had been proposed in a "routine" letter dated Feb. 11. At the close of business Feb. 16, some \$127,000 had been received, it was announced.

As outlined by Mr. Cage in his week-end statement, the deal for sale of controlling interest has been revised. His explanation follows in part:

"The board was informed that the potential buyer of the company—Mr. X—has broadened the area of his negotiations. Whereas he previously was considering putting \$750,000 into the company if another casualty company would join with another \$750,000, he now is considering making the same

(CONTINUED ON PAGE 24)

Current Examples of Underinsurance Many, Widespread

Seriously Inadequate Cover Experienced by All Sizes of Risks, Coinsured or Not

THE NATIONAL UNDERWRITER asked several companies to check current loss reports for examples of underinsurance. The evidence they are supplying reveals widespread incidence of seriously inadequate coverage. Many insured are paying amazingly large portions of their own losses or are running the grave risk of doing so—and insurers are getting only a fraction of the premium to which they are entitled, and which they need to pay losses.

In these examples, insurance has failed to perform its function, for insured or insurer. The amount of loss suffered by the property owner in many cases would have purchased adequate insurance for a lifetime. Here are several examples. More will be published in the weeks ahead.

Fire. (Illinois) Garage building with an actual cash value of \$159,035. Insurance, \$24,000. Loss, \$140,000. Loss to insured, \$116,000. The contents loss also was greatly underinsured. During the fire, insured and his wife wept at the realization that the insurance recovery would be consumed in meeting their financial obligations, and they had only an empty lot to show for a lifetime of hard and productive work. The auto repair and farm implement business had been one of the largest such establishments in the area.—Western of Kansas group.

Fire. (upstate New York) This will give you a small mercantile example. We insured stock, furniture and fixtures of a high grade drug store. Our policy was \$10,000, part of \$29,100 total insurance. A small conflagration swept through this block a year ago, destroying several other stores, along with our insured's. The origin seems to have been a rubbish fire in the rear of a store several doors away. In any event, the adjustment was somewhat delayed as ownership was in an estate. It has just been closed and shows value of stock, furniture and fixtures as \$44,479, loss total, insurance \$29,100, and claim \$29,100. Here is an uninsured loss to this good merchant of \$15,379, which will be mighty hard for him to take.—Springfield F&M.

Fire. Dwelling and household furniture and equipment of a doctor's office were totally destroyed. We insured only the household furniture and equipment of the office, of which the values totaled \$27,700. Insured collected only \$15,000, this being the limit of the cover under the policy. Loss to insured, \$12,700.—Agricultural.

Fire. (Maryland) Brick mercantile building with 80% coinsurance. Value \$135,180. Insurance \$100,000. Loss \$92,588. Loss to insured \$6,973.

Highlights of the Week's News

Disputed mutual agents' trademark sustained by U. S. court	Page 7
OL&T and M&C BI, PDL rates revised in 28 states by mutual bureau	Page 7
Gulf has small underwriting loss, to increase capital	Page 11
Great American experiences premium rise, underwriting loss	Page 2
Home premiums up 4.17%, underwriting loss is \$17 million	Page 2
North America volume up, underwriting loss slight	Page 2
Louisiana auto rates raised by National Bureau, NAUA	Page 10
Bond producers ready program for annual meeting	Page 31
Standard Accident shows record premiums, but profit declines	Page 22
Ballie keynotes mutual casualty fire conference	Page 19
Fire Association group's premiums and assets rise	Page 19
Employers Re has good year in 1956	Page 23
Aetna agency school proves continuity	Page 17
Compulsory auto bill introduced in Michigan	Page 8
New Orleans Exchange votes to appeal court decision	Page 8
Commercial property cover in California now follows IRIC program	Page 28
Companies report on 1956 results	Page 25
Face adequate awards realistically, prominent plaintiff's attorney tells insurers	Page 4
Defunct Midwest has \$20,000 left to pay \$1.1 million in claims	Page 21
Minnesota governor again asks secondary role for insurance department	Page 21
L. Osborn predicts package policies in mill, elevator fields	Page 32

Late News Bulletins ...

Vote Against UJF in N. Y. This Year

The joint committee on unsatisfied judgment funds and compulsory insurance of the New York legislature has voted not to make any recommendations for plugging the loopholes in compulsory auto insurance, but to wait till there is more experience under the new compulsory law. The committee, headed by Sen. Rath of Utica, held a hearing in New York Feb. 7 at which the insurance business strongly opposed the indemnification fund proposal of Superintendent Leffert Holz. The business asked that compulsory plus uninsured motorist cover be given a year to see how they work.

The Rath committee asked to be continued for another year to study the matter further.

Rep. Heck, assembly speaker and a powerful figure in Albany, promptly issued a statement that legislation will be introduced at this session to plug compulsory loopholes. He is credited with favoring a proposal to empower insurers to establish a fund which they would operate, that would get away from state operation.

Jan. Fire Losses Hit Billion Dollar Pace

January fire losses totaled \$115,272,000, up 18.9% over January a year ago and 19.5% over December losses. This put the fire loss pace well into the billion dollar category. The 1956 total was just under \$1 billion at \$989,290,000.

Premium Rise and Underwriting Loss for Great American

Great American group wrote \$135,106,234 in premiums in 1956, an increase of 7.4%. The ratio of losses and loss expenses incurred to premiums earned was 63.3, compared with 58.5, but underwriting expenses incurred to premiums written declined slightly from 40.9% in 1955 to 40.7% in 1956.

The underwriting loss was \$6,972,298, compared with an underwriting gain of \$574,534 in 1955. Investment income was up from \$9,396,858 to \$10,249,814, and assets up from \$315,411,174 to \$327,034,772. Net income from underwriting and investments, after taxes, was \$5,072,565 or \$1.77 per share, compared with \$8,200,479, or \$2.86 per share. Policyholders surplus rose from \$157,534,152 to \$162,398,018 for the group.

The ratio of losses and loss expenses to earned premiums rose in 1956 as compared with 1955 in all but extended coverage, inland marine and multiple line. The ratios for 1956 were: Fire 55.3, EC 64, crop hail 88.4, ocean marine 68, inland marine 56.8, multiple line 54, auto PHD 64.4, auto BI 75.4, auto PDL 72, workmen's compensation 71.6, liability other than auto 55.5, fidelity and surety 47.4, burglary 48.3, and miscellaneous 54.3.

Written premiums increased by line: Fire 4.8, EC 13.6, ocean marine 21.9, inland marine 6.4, multiple line 122.4, auto BI 6.5, auto PDL .8, WC 8.5, general liability 10.7, F&S 9.6, burglary 8.9, and miscellaneous 10.7. Crop

hail premiums were off 5.2 and auto PHD 4.4.

Chairman D. R. Ackerman in his report to stockholders pointed out the unusual rise in losses in all categories. The dislocations caused by inflation, he noted, coupled with the tendency to broaden coverage, require action by rate-making organizations. Some rate adjustments already have been made and others that are urgently needed will be made. A fundamental revision of rate-making processes to make them more sensitive to cyclical fluctuations of experience and more responsive to future cost trends in the business is indicated.

This is a short range objective. The long range objective, he stated, is to revamp the present complex rate-making machinery so that it can more effectively cope with the problems of multiple-line underwriting, now in the early stages of development.

Indianapolis Casualty Underwriters Elect Short

INDIANAPOLIS—Robert E. Short, Aetna Fire, is president of Indianapolis Casualty Underwriters Assn. for 1957. Other new officers named at the February meeting were John E. Atkinson, Fidelity Mutual, vice-president; James L. Schmutte, Indiana, secretary; and Everett M. Smartz, Gulf, treasurer. New directors, in addition to the officers are: Paul E. Spurlin, Massachusetts Bonding; John G. Williams, Farm Bureau Mutual; Roy M. White, Employers Mutual Liability; Robert W. Wilson, American States; Alfred Davidson, Indiana Lumbermens Mutual, and Richard E. Lohss, Farm Bureau Mutual.

Thomas Barnes, of Consolidated was the speaker, analyzing the new broad form storekeepers policy.

Premiums Up 4.17%, N. America Volume Underwriting Loss \$17 Million at Home Up, Underwriting Loss Slight in 1956

Home and Home Indemnity wrote premiums in 1956 of \$237,584,571, an increase of 4.17%, and a record for the group. The combined underwriting loss was \$17,730,911 — \$14,807,376 for Home and \$2,923,534 for Home Indemnity.



Kenneth E. Black

Policyholders surplus at year end stood at \$243,700,483 for the two companies, off \$6,151,467 from the previous Dec. 31. Assets rose \$5,566,235 to \$530,599,842. Unearned premium, loss and loss expense reserves increased by \$14,220,180. Net investment income was \$14,163,688, a rise of 6.16%.

For Home the increase in premium, loss and loss expense reserves was \$9,774,339, and its policyholders surplus was \$243,700,483, compared with \$249,851,950. Net earnings from investments was \$12,590,088. Assets went up to \$484,017,508, from \$483,137,688.

Home Indemnity's underwriting loss compared with a profit of \$536,674 in 1955. Its reserves increased \$4,446,471, its net investment earnings were \$1,572,600, and its policyholders surplus was \$20,932,713 as compared with \$22,558,070. Assets increased \$3,772,806 to \$68,369,764.

The loss ratios were high in almost every category, characteristic of fire and casualty operations in 1956. Incurred loss and loss expense ratios for Home were, by line: Fire 59.4, extended coverage 59.6, inland marine 71.9, auto PHD 66.6, ocean marine 73.3, crop hail 98.8, homeowners 54.6, and miscellaneous 56.3. The ratio over-all was 63.5. For Home Indemnity the ratios were: Auto 75, general liability 63, workmen's compensation 66.9, glass and burglary 49.3, fidelity and surety 49.9, and miscellaneous casualty 46.1.

Kenneth E. Black, president of the group, calls attention in his report to stockholders that "an encouraging indication for the future (in 1956) was the fact that rating authorities have generally recognized that a more realistic appraisal of the rating structure is in order." The companies, he stated, have continued to effect internal adjustments in underwriting, control, accounting and operating procedures to produce a more satisfactory operating result. Striking gains were made in production of package policies and excellent results were shown in foreign operations.

With increased coverages under broadened policies and multiple line contracts, he added, it became important in 1956 to maintain an adjusting staff adequate to handle increased premium writings and to service losses and claims. To meet this action, Home initiated an adjuster development program which arranged for substantial expansion in the adjusting staff and the adoption of a special training program for new staff adjusters. This should result in better service to policyholders while eventually reducing the expense of losses and loss adjustments.

The company also continued to

Net premiums of North America group increased in 1956 by \$19,391,000 to reach \$288,391,000. North America and Philadelphia F&M. wrote \$175,832,000 of the total, and Indemnity of North America \$112,559,000. The latter had an underwriting profit of \$2,551,509, but the fire and marine companies had a \$2,685,062 underwriting loss, to give the group a \$133,553 underwriting decline.

At the close of 1956, assets of the group were \$857,472,000, a \$37,112,000 rise over the 1955 total. Policyholders surplus increased \$7,709,000 to \$438,467,000. Group unearned premium reserves rose \$19,303,000. Investment income increased \$2,146,000 to \$25,155,000.

Combined earning per share before taxes were \$4.70, and after taxes, \$3.93. Federal income taxes totaled \$4,087,000.

National Mutual Revises Kentucky Field Setup

National Mutual and Celina Mutual of Ohio have made changes in the Kentucky field. Edward Mader, special agent, will handle 11 northern Kentucky counties out of headquarters at Cincinnati, and the remainder of the state will be serviced by Joseph Goosmann, special agent, who will have headquarters temporarily at Cincinnati. He has completed the home office training course.

Benjamin Zimmer, former Kentucky special agent for the companies, has gone into the local agency business at Florence, Ky.

Surety Underwriters of Seattle Install Melrose

Surety Underwriters Assn. of Seattle has installed S. H. Melrose Jr., American Surety, president; William Nichols, Continental Casualty, vice-president, and Gerald Perry, Hartford Accident, secretary-treasurer.

George Allen, formerly Pacific coast manager of National Surety and a past president of the association, was installing officer.

Atlantic Group Names Calvert Md. Special

Atlantic companies has appointed Richard H. Calvert special agent for inland marine in Baltimore. Prior to joining the group, he was for several years with American Foreign Insurance Association in Pakistan.

Excess Covers Names Blackwell

Walter A. Blackwell has been appointed executive assistant by Excess Covers, Inc., reinsurance intermediaries and surplus line brokers of New York. Mr. Blackwell has been in the fire and casualty fields for 20 years, and will be in charge of the special risks department. He was formerly agency superintendent in the casualty department of Crum & Forster.

streamline operations. The underwriting department now consists of a number of specialized units devoted exclusively to underwriting in all phases. Simultaneously, a study of underwriting procedures and practices in the business is being made by this department. Mr. Blackwell anticipates that the results of this study will culminate in more efficient and profitable underwriting operations.

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CONDENSED STATEMENT AS OF DECEMBER 31, 1956

ASSETS

Cash in Banks and on Hand.....		\$ 3,099,463.02
Bonds:		
United States Government.....	\$21,311,330.51	
United States Government Agencies.....	495,000.00	
Canadian Government.....	970,654.14	
State, County and Municipal.....	24,537,080.96	
Revenue, Agency and Authority Bonds of		
States and Political Subdivisions.....	3,548,812.36	
Total Bonds.....		50,862,877.97
Stocks.....		8,870,633.40
Mortgage Loans.....		3,714.56
Uncollected Premiums (not over 90 days).....		985,549.17
Interest Accrued and Other Admitted Assets.....		500,127.66
Total Admitted Assets.....		<u>\$64,322,365.78</u>

LIABILITIES

Reserve for Claims and Claim Expense.....	\$28,919,020.04
Reserve for Unearned Premiums.....	12,202,800.58
Funds Held Under Reinsurance Treaties.....	3,565,486.55
Taxes and Other Liabilities.....	2,228,519.03
Capital.....	\$ 3,000,000.00
Surplus.....	14,406,539.58
Surplus to Policyholders.....	17,406,539.58
Total.....	<u>\$64,322,365.78</u>

Securities carried at \$4,245,220.47 in the above statement are deposited as required by law. Bonds are valued on an amortized basis and stocks at prices prescribed by the National Association of Insurance Commissioners. On the basis of actual market values at December 31, 1956 for all bonds and stocks, surplus to policyholders would be \$15,191,893.71.

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Prominent Plaintiff's Attorney Tells Insurers to Face "Adequate Awards" Realistically

Agents, brokers and companies are negligent or dilatory if they do not strongly advise insured to carry from \$100,000 to \$300,000 liability limits as the trend toward "adequate awards" in injury suits continues upward, Melvin Belli, nationally known plaintiff's attorney told Insurance Brokers Exchange of California at its installation luncheon at San Francisco.

Criticizing insurers as taking a negative approach to the situation, Mr. Belli said they should raise their rates and make a more realistic appearance in the courts. He suggested the issuance of an extended medical payments coverage for automobile insurance providing minimum payments to an injured party, without prejudice, until the case is settled, saying this would be better than a "state contingency fund" which he would otherwise like to see introduced as law.

A resume of Mr. Belli's talk follows:

Insurance producers and companies must recognize the trends to the adequate award. To protect their clients, producers must recommend adequate coverage and adequate coverage is today coverage of \$200,000 and \$300,000 for one injury in public liability.

Do these modern verdicts raise insurance rates? They should, unless insurance companies are charitable institutions. Every fire loss is reflected in fire rates, every catastrophe of nature mirrors itself ultimately in extended coverage premiums. Certainly no one expects an insurance company to absorb the costs of doing business. But the chief complaint today is not so much the rise in rates but that the companies are going broke because they haven't raised them!

Of course, one problem is that it takes a year to value losses, and by the time the year is up, the damage between premiums and pay-out, the lag, has become catastrophic to a solvent business.

But by far the greatest problem is the negative approach of the insurance company, not only in its attitude toward the public, but in its advertising. This is even reflected in the defense of public liability claims by the insurance company's lawyer in the courtroom.

I would say the average American citizen today is aware of the increased cost of insurance. I would likewise say the average citizen wonders why the insurance company in one ad says it is going broke, then in the next fails to take an affirmative approach that insurance should be worth its value.

The layman begins to think that public liability insurance is something like a "lost leader" that certain chain stores indulge in to get the public in to buy other commodities.

No apologies today are made for the increased costs of gasoline, nor do the oil companies operate at a loss; the price of automobiles has gone up manyfold, and no apologies are made for their cost in their advertising. Not even an explanation is proffered. If the public were told that next year's car would cost more than they could afford, it would be difficult to sell next year's car. And that's just what insurance companies are doing.

I believe the "big judgment" unnerves the insurance company more than it injures it financially. Apparently statistics are kept only on the \$5,000 and \$10,000 losses. If verdicts on the \$100,000 and \$200,000 verdicts

have such an influence, why hasn't there been a proportionate increase in the costs of these limits? Is there something wrong in the system whereby the primary picks up the cost of defending the whole case and the excess gets a free ride?

I conclude that higher awards do and should influence premium rates, but not as much as so contended. I conclude that insurance companies should adopt an affirmative rather than a negativistic approach in their advertising and their public relations, and I advocate that they quit complaining about prospective increase in rates, and charge them without forecasting them. No one today is going to drive without insurance, and it is going to be the job of producers to convince their clients that adequate insurance is as necessary to driving as is adequate gasoline and an adequate car, even if it costs as much as the automobile. It never will, but if it did, you couldn't drive a car without it.

Even when he gets to court, the insurance man is an apologist. It is the function of the insurance lawyer to see that he remains anonymous. The "undisclosed agent" of the law is a public figure compared to him! Yet I wonder what would happen if a personable defense insurance company lawyer went into court and said: "I'm representing an insurance company. You American jurors should be just as interested in seeing justice done to my client as to this injured person. We're not liable, and we're going to prove it, but if you do think we are liable, then we want to be treated as squarely in damages as would the plaintiff."

Far-fetched? Well, in Wisconsin and Louisiana, two states in which the insurance company is sued directly, the subject of insurance is spread all over the courtroom, and the verdicts are the lowest in the United States! Furthermore, I recall recently a case in Boston in which plaintiff's lawyer was trying to hold up the defendant insurance company in a malpractice case. Defendant lawyer for the doctor came into court, put his defendant on the stand, the defendant doctor acknowledged his malpractice, didn't try to crawl out of it, and stated his opinion of what would be an adequate award.

Plaintiff's counsel continued to build the award beyond all proportions, and tried to vilify the doctor. The result—a defendant's verdict.

The insurance company lawyer is always praising the jury for its "integrity" and "good American common sense." He then treats it collectively as a kindergarten class of 12 by trying to hide the facts of life—or insurance. Jurors resent this.

Has human nature so changed that we must deal with everyone at arm's length? I note the statistics on unemployment claims filed in Sacramento. Almost 40% of them were proved to be, so the figures run, fraudulent. The adjuster in settlement claims has it in mind to buy the claim as cheaply as possible, not to do a service to a fellow

(CONTINUED ON PAGE 29)

Mr. Belli is well known as an authority on modern trial law. He is a past president of NACCA and has conducted clinics on demonstrative evidence throughout the U. S.

Underwriting Loss of \$22 Million for Fireman's Fund Group

Operating results of Fireman's Fund and its subsidiaries in 1956 were announced last week by President James F. Crafts. The group had an underwriting loss of \$22,251,000. Net investment income for the year, excluding realized capital gains, was \$10,854,000, an increase of 9.5%. Premium writings were \$216,236,000 a gain of 5.9% over 1955. Consolidated operations, excluding realized capital gains, showed a net loss of \$11,262,000 as compared with a profit of \$7,140,000 in 1955.

Mr. Crafts said that as a result of the 1956 operating loss, Fireman's Fund would file for a refund of federal income taxes in the amount of \$7,054,000. The loss per share, after adjustment to eliminate realized and unrealized capital gain or loss in the investment portfolio (but including equity in the increase in unearned premium reserve at 35%) was \$2.27. If adjusted for the tax refund, the earnings per share amounted to \$.08.

Unearned premium reserves increased during the year \$13,092,000. Loss and loss expense reserves at Dec. 31 were \$105,935,000, compared with \$92,254,000 a year ago. Assets were \$456,616,000, an increase of \$14,306,000. Policyholders' surplus was \$144,983,000.

"The primary factors that produced the unprofitable underwriting results were a greater loss and claim frequency and severity," Mr. Crafts said. As a result of the continuing inflationary trend in our economy and the fact that rates have traditionally been based upon past experience, property and liability insurance underwriters during 1956 collected premiums on a lower level of prices and values and paid losses and claims on the higher current level. Fireman's Fund is co-operating with the industry in giving appropriate attention to the existing inadequate rates and creating a greater awareness on the part of the public to keep insurance coverages up to present-day values.

"The year 1956 demonstrated to a greater extent than ever before that the stock property and liability insurance industry is truly one of the nation's strongest bulwarks against economic disaster. Fireman's Fund derived satisfaction from its traditional policy of building surplus through the retention of earnings during profitable years so that despite the unusually heavy underwriting loss in 1956 the company and its subsidiaries face the future with confidence and enthusiasm."

Allstate Opens Santa Ana Office

Allstate formally opened its new Santa Ana, Cal., regional office Jan. 28 with an open house attended by top company executives. Present were Calvin Fentress Jr., president; Clarence B. Kenney and Judson B. Branch, senior vice-presidents; Henry S. Moser, vice-president and general counsel; A. E. Spottke, public relations vice-president, and E. A. Frederick, Pacific coast zone vice-president. More than 12,000 visitors toured the one-story ranch style building which services Arizona and four counties in southern California.

Barold A. Hatch, president of Argonaut group, has been named chairman of the governing committee of California Inspection Rating Bureau.

U.S.F.&G. Premiums Rise 10.9% in 1956; Reserves Go Up 72%

Premiums written by U.S.F.&G. increased in 1956 by 10.9% to reach a record \$231,536,798. About 50% of the rise was in fire and marine.



Charles L. Phillips

Assets rose 6.1% to \$405,793,300. Policyholders surplus went up \$1,089,301 to \$122,267,204. Premium reserves climbed 72% to \$16,684,126, reflecting growth in fire business, most of which is written for three or five year terms. The company reserves for the whole term, at the time the business is written.

The underwriting loss was \$5,234,452, compared with an underwriting gain of \$3,201,309 in 1955. The 1956 ratio of underwriting expenses to written premiums was 38.3, and losses incurred to earned premiums, 61.1.

In his annual report to stockholders, Charles L. Phillips, president and chairman, pointed out that loss ratios fluctuate from year to year. Although they do so, he noted, by comparison the variation in the ratio of underwriting expenses to premiums written is much less pronounced. Beginning with 1950, U.S.F.&G. loss ratios were 56.4, 63.1, 62.3, 56.5, 55.5, 58.9, and in 1956, 61.1. During the same seven years the ratios of expenses to premiums written were 38.2, 37.5, 36.2, 36.7, 36.3, 37.7, and 38.3 last year. The increase in the expense ratio for 1955 and for 1956 was due almost entirely to the growth in fire and marine, which have higher expense factors than casualty.

Investment earnings of the company increased \$764,605 to \$9,592,885. Net operations profits was \$3,967,543, compared with \$9,051,943 in 1955.

Mutual of Omaha Gives Award to Hearst

William R. Hearst Jr. has been given the Mutual of Omaha public service award in recognition of "the great role of newspapers in contributing to the security of the American way of life."

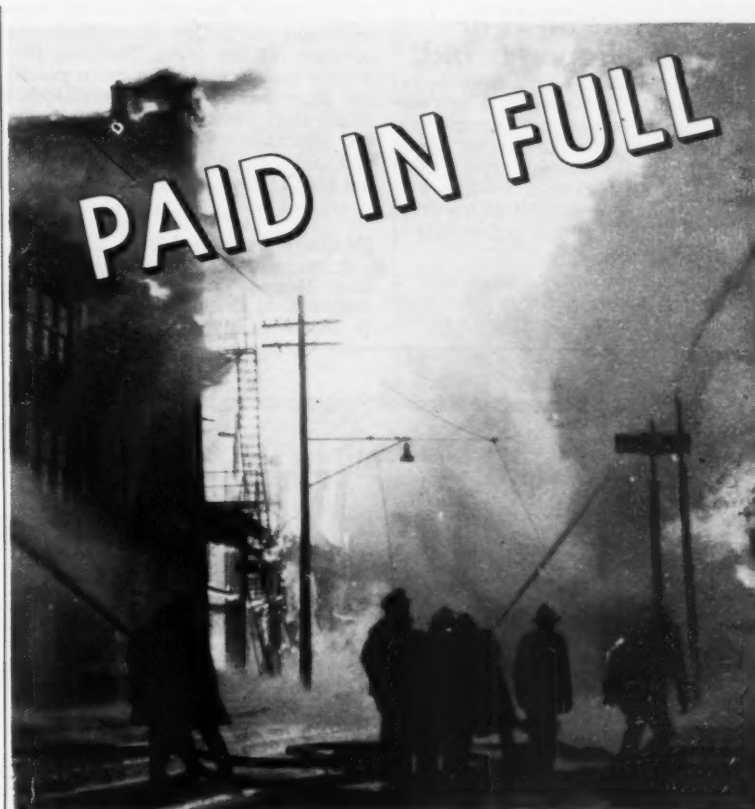
The award consisting of a scroll and \$2,500, was presented to the editor-in-chief of the Hearst newspapers by V. J. Skutt, president of Mutual of Omaha, and Dr. Charles W. Mayo of the Mayo Clinic, chairman of the awards committee of Mutual of Omaha.

Sharing in the citation were Mr. Hearst's associates, including J. Kingsbury Smith, general manager of International News Service, and Frank Conniff, Hearst's editorial assistant.

Risher Opens Claim Service

Paul Risher, vice-president and claims department manager for the Hawkeye-Security, has opened a claims service office at 505 West 4th street in Waterloo, Ia. The office will be under the direction of James Kaster.

Home F. & M. of the Fireman's fund group declared a quarterly dividend of 40¢ per share payable March 15 to stockholders of record March 8.



Fire claim was paid without question...in full

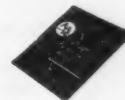
"Our claim was settled last week," writes a midwestern client, "and you'll be interested to know that your appraisal figure was allowed in full. The adjuster had no questions after examining your report."

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Incorporate SR-21 in Accident Report in Ind.

INDIANAPOLIS—Indiana bureau of motor vehicles has adopted a new accident report form which incorporates the necessary insurance report forms right in with the accident report. Thus the SR-21 certificate of insurance is completed and forwarded to the state police with the accident report and is not detached from it.

The new form was adopted after a survey by Robert Heller & Associates recommended that accident report

have attached the certificate of insurance and the notice to the insurance company of the filing. The new procedure is expected to cut down greatly on paper work and correspondence which have resulted in the past when the insurance forms became detached and lost, separated, misfiled or were not filed at all.

IM Underwriters of N. E. Elect

R. Burton Forbes, secretary of Attleboro Mutual Fire, has been elected chairman of the governing committee of Mutual Inland Marine Under-

writers of New England. He succeeds Carl G. Gesen, vice-president of Manufacturers & Merchants Mutual.

James D. Youd, manager of the group, was reelected secretary-treasurer.

Last year, with the addition of Pawtucket Mutual and Traders & Mechanics, membership in the organization reached 10 companies.

A bill which would create an unsatisfied judgment fund to pay damage claims arising from accidents involving uninsured motorists, insolvent insurers, and hit-and-run drivers, has been introduced in South Carolina.

Insurers Win Case on Substitute Policies

U. S. district court at Chicago held for the insurers in a case involving replacement and substitution of fire policies in which the new policies were for half the amount of those replaced. The cases were Town Showcase & Cabinet Co. vs Equitable F.&M. et al, and Doris Wittenberg vs Equitable F.&M. et al. The insurers were represented by Clausen, Hirsh & Miller of Chicago with John P. Gorman handling the case.

Insured's broker, Harold W. Deitelbaum, in 1954 ordered from Engelhard & Co. coverage on building and contents totaling \$25,000, divided \$15,000 on building and \$10,000 on contents. The policies were issued for five years. A few months later there was a request for an additional \$25,000 on the building and \$25,000 on contents, and these policies were issued to a total of \$35,000 by Engelhard & Co. and \$15,000 by Allied agency of Chicago for a period of one year.

All of the policies were written on the basis of the property being a lumber yard, but it was discovered shortly after the second set of policies were issued that the property should be classified as a woodworking risk and take considerably higher rates. Mr. Deitelbaum was informed by Engelhard & Co. that in view of the character of the risk and difference in rates, he would have to have the policies returned and revised, reduced or cancelled depending on the authorization of the insurers. The broker agreed to this, and on April 7, 1955, in a telephone discussion between the agency and Mr. Deitelbaum, it was agreed that the total coverage written through Engelhard should be reduced to \$30,000. Nothing was done about the policies in Allied agency.

Two days later there was a fire with a loss of \$28,587 on the building and \$31,810 on contents. Two days after the fire Engelhard & Co. issued its new policies totaling \$30,000 and divided \$15,000 on building and \$15,000 on contents. On the same day it put through first set of policies for pro rata cancellation and its second policies for flat cancellation.

Mr. Deitelbaum admitted that coverage through Engelhard & Co. had been reduced to \$30,000 as represented by the third group of policies issued by that agency, and admitted that he did not notify insured until after the loss that the earlier policies had been cancelled.

It was the position of insured that they had no knowledge of the agreement between Mr. Deitelbaum and Engelhard & Co. about the reduction in coverage, and they maintained the early policies remained in effect on the date of loss. In spite of this position, however, insured filed proof of loss under the second and third groups of policies issued by Engelhard & Co. and those issued by Allied agency, and did not file proofs under the original policies for \$25,000. The suit for recovery also was filed under these policies, ignoring the original policies.

The companies maintained that regardless of whether the agreement of the broker for reduction of coverage from \$60,000 to \$30,000 was with the knowledge and consent of insured, insured ratified the agreement by electing to file proofs of loss and suit on policies that included the replacement policies, and the court agreed with the insurers' position.

THE WESTERN COMPANIES

THE WESTERN CASUALTY AND SURETY COMPANY

THE WESTERN FIRE INSURANCE COMPANY

Statements of Condition at December 31, 1956

EXECUTIVE OFFICERS

Ray B. Duboc	Chairman of Board
E. C. Gordon	Vice Chairman of Board
C. C. Otto	President
F. W. Duboc	Vice President
K. H. Mead	Vice President
E. H. Morrison	Vice President
W. P. Sweet	Vice President
W. L. Gench	Secretary
M. L. Hurst	Treasurer
E. H. Morris	Auditor
E. H. Allen	Ass't Secretary
M. D. Crown	Ass't Secretary
Gordon Fisher	Ass't Secretary
V. A. Griffith	Ass't Secretary
George J. Jones	Ass't Secretary
J. R. MacLennan	Ass't Secretary
L. A. Tonnies	Ass't Secretary
F. A. Hall	Ass't Treasurer

LINES WRITTEN

Automobile, Burglary,
Glass
Accident and Health
Hospitalization
Liability
Workmen's Compensation
Fire and Allied Lines
Inland Marine
Fidelity and Surety Bonds

ADMITTED ASSETS

	The Western Casualty and Surety Company	The Western Fire Insurance Company
Cash (in banks and in office).....	\$ 2,055,675	\$ 1,178,099
*U. S. Government, State and Municipal Bonds	21,860,472	12,412,550
*Corporate Stocks.....	1,578,541	3,699,596
Total Cash and Investments.....	\$25,494,688	\$17,290,245
Investment in Western Fire Insurance Company.....	6,352,172	
Real Estate.....		414,612
Agents' Balances (Not over 90 Days Due).....	7,432,464	1,343,812
Due from Other Insurance Companies.....	164,829	173,831
Accrued Interest on Investments.....	175,031	100,479
Other Admitted Assets.....	892,091	5,746
Total Admitted Assets.....	\$40,511,275	\$19,328,725

LIABILITIES

Reserve for Unearned Premiums.....	\$13,849,463	\$10,331,381
Reserve for Claims and Losses.....	12,924,161	1,422,418
Reserve for Taxes and Other Liabilities.....	1,374,759	1,219,577
Total Reserves.....	\$28,148,383	\$12,973,376
Capital.....	\$ 2,500,000	\$ 1,000,000
Surplus.....	9,862,892	5,355,349
Surplus as Regards Policyholders.....	\$12,362,892	\$ 6,355,349
Total.....	\$40,511,275	\$19,328,725

Securities carried in the above statement deposited for purposes required by law...\$ 1,050,763 \$ 560,421

*Bonds and stocks are stated at values prescribed by The National Association of Insurance Commissioners.

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Western Building
Fort Scott, Kansas



Executive Offices
916 Walnut
Kansas City 6, Missouri

Revise BI and PDL Rates in 38 States and D. C.

Mutual Insurance Rating Bureau has revised M&C and OL&T rates for 39 states, effective Feb. 13.

BI rates for M&C are reduced in 24 states, increased in 12 and not changed in three. OL&T, area and frontage, is increased in 28 and reduced in four states, and is unchanged in seven. The BI changes for M&C and OL&T, in that order, are for Alabama down 10.1% and up .2%, Arizona up 10.2% and down 17.4%, Arkansas down 10.1% and no change, Colorado down 14.4% and up 15.4%, Connecticut up 24.3% and up 8%, Delaware down 10.4% and up 12.9%, District of Columbia down 11% and up 18.5%, Florida down 20% and no change, Georgia down 18.4% and up 4.3%, Indiana down 12.9% and up 18.7%, Iowa no change and up 5%, Kansas no change and up 10.5%, Kentucky down 2.9% and no change, Maine down 10.4% and down 6.1%, Maryland no change and up 25%, Massachusetts up 8.7% and up 5.9%, Michigan down 20% and up 21.1%, Minnesota down 6.9% and down 7%, Mississippi up 21% and up 7.4%, Nebraska down 20% and up 1.1%, Nevada up 10.2% and up 19.8%, New Hampshire down 10.4% and down 3.9%, New Jersey up 4.3% and no change, New Mexico up 10.2% and up 24.4%, North Carolina down 19.4% and no change, North Dakota down 14.4% and up 1.4%, Ohio up 1.8% and up 25%, Oklahoma down 13.7% and up 15.8%, Vermont down 10.4% and no change, Rhode Island up 6.8% and up 13.3%, South Carolina down 19.4% and up 25%, South Dakota down 14.4% and no change, Tennessee down 2.8% and up 8.1%, Utah up 10.2% and up 15.8%, Vermont down 10.4% and up 4.2%, Virginia down 10.4% and up 11.1%, Washington up 10.2% and up 17.2%, West Virginia down 10.4% and up 24.6% and Wyoming down 14.4% and up .6%.

PDL rates are reduced for M&C and OL&T where changed at all. For M&C the average reduction is 3% and for OL&T 33%.

Principal change in a rule revision eliminates frontage as a basis of exposure for OL&T classes previously rated on area and frontage.

General Chairman of Engineering Research Committee Is Named

Assn. of Casualty & Surety Companies has appointed Henry F. McKenna of Employers' group engineering department general chairman of its special hazards engineering research committee. He has been with Employers' group since 1936.

The committee, composed of seven men representing the engineering department of association member companies, conducts research on special hazards pertinent to casualty insurance interests in chemical, explosive, pressure vessel, industrial hygiene, and radio activity areas.

Northwest General Agents Elect H. M. Gould Jr.

Northwest General Agents Assn., meeting at Seattle, elected H. M. Gould Jr., Gould & Gould, president to succeed Aubrey Naef, Seeley & Co. Oliver Whalley, John A. Whalley & Co., was elected vice-president and J. C. Lamping, Lamping & Co., was re-elected secretary-treasurer.

Favors Fund vs Compulsory

John W. DeMeritt, Exeter agent, told Portsmouth (N.H.) Assn. of Insurance Agents, that a security fund amend-

ment to New Hampshire's present financial security law would be preferable to compulsory, which has been introduced in the New Hampshire legislature. The fund would include a \$100 fine for drivers and car owners who fail to show financial responsibility, would require full repayment by penalized motorists of judgments paid out of the security fund to compensate innocent persons for damage or injury. License of the debtor motorist would be suspended until the debt was satisfied.

There would be no extra cost to the taxpayer and no increase in cost of insurance. Compulsory is not the answer

to the problem, he said, because it invites abuses and does not cover uninsured out-of-state vehicles.

Wisconsin Mutuals Merge

Menominee Town Mutual of Milwaukee has taken over Lisbon Mutual of Sussex, Wis. The combined companies will operate under the Menominee name with Harold Zimmer as president and John Holzem as secretary-treasurer.

Ohio Fire Underwriters Assn. will hold its annual meeting in Uniontown, Pa., June 11-13.

Employers' Group Name Two in Massachusetts

Robert L. Batchelder has been named manager, and David C. Howe assistant manager, of the western Massachusetts branch of Employers' group in Springfield.

Mr. Batchelder has been with the group since 1941. Formerly assistant manager in Springfield, he succeeds Sidney Currier, who has retired. Mr. Howe transfers from the New England agency division in Boston. He has been with the group since 1947.



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Citizens Insurance Company of New Jersey Hartford 15, Connecticut
New York Underwriters Insurance Company New York 38, New York
Northwestern Fire & Marine Insurance Company
Twin City Fire Insurance Company Minneapolis 2, Minnesota



Compulsory Auto Bill Introduced in Mich.

LANSING—The first compulsory automobile insurance bill of the current Michigan legislative session made its appearance last week along with another measure to set up an unsatisfied judgment fund.

Rep. Harry T. Emmons, Byron Center, a farmer and agent, introduced the compulsory bill, along with a number of co-sponsors. The measure would merely insert a section in the present law pertaining to licensing of drivers requiring that, as a prerequisite to granting of driving privileges, public liability and property damage coverage, in the form of an insurance policy or bond, must be provided. The coverage would be for the same 5/10/1 limits as required in the existing financial responsibility law. In event of lapsation of the coverage, for any reason, the licensee would be required to notify the secretary of state who would automatically cancel driving privileges and confiscate license plates.

Sen. Charles Blondy, Detroit, offered the bill to create a UJ fund.

It would be financed by an extra 25-cents charge for every license plate sale. Payments up to a maximum of \$1,000 would be made to motorists who could prove that a judgment based on an injury or death caused by uninsured driver could not be collected.

Other bills affecting automobile insurance included a measure to postpone for a year an act already in effect requiring that license applicants up to the age of 18 must have completed a driver education course in order to qualify for a permit; a requirement that the state subsidy for student driver education courses be distributed to parochial as well as public schools; and a proposal to authorize the state police commissioner and secretary of state to refuse driver licenses to persons with six or more moving violations within 24 months or one or more negligence or reckless driving charges involving death, injury or serious property damage.

The legislature also received a bill requiring workmen's compensation insurers and self-insurers to pay extra fees to finance the compensation department's operations. The bill would

impose an extra 1% of premium charge for the first year to create the departmental operating fund, scaling it down subsequently to whatever was actually needed to finance the department or, if necessary, keeping the charge at not more than 1%.

Several other bills relating to compensation include one to require employers to pay for hospital, surgical, and medical expense and furnish artificial limbs or other needed appurtenances in compensation cases and also to pay treatment costs for occupational diseases for the periods prior to discovery that the disease was occupational. This measure also would allow compensation claimants to choose their own doctors from a panel submitted by the employer.

Another measure would increase from \$1,500 to \$2,000 the amount required to be paid into a second injury fund in cases of compensable fatalities in which there were no dependents.

Merchants Mutual Automobile Liability of Buffalo has changed its name to Merchants Mutual Casualty. Jan. 1 fire cover was added to all liability lines.

New Orleans Exchange Votes to Appeal Case

After considerable discussion, members of New Orleans Insurance Exchange adopted a motion to instruct its attorneys to appeal the decision of Federal Judge Wright. The court recently held the exchange guilty of a group boycott.

Ohio State to Hold Conference March 1

In addition to activities connected with establishment of the Insurance Hall of Fame March 1, Ohio State University will hold its annual fire and casualty conference on that day. The theme will be selling, prospecting, marketing through direct mail, etc.

Speakers include George V. Whitford, vice-president of Fire Association; L. F. Brock, manager at Cleveland of Fidelity & Casualty; L. E. Irvine, director of training and sales education of Travelers; Douglas N. Avery, adult education coordinator of Ohio State; Edmund V. Schenke, advertising manager of Royal-Globe; Tom Bartlett, local agent at North Baltimore, O., and John T. Bonner, assistant professor of business organization at Ohio State.

Insurance students from Bowling Green, Miami, and Ohio State will participate in the conclave, at which several topics will be discussed, including the college student and the CLU and CPCU programs, patterns for success in the first insurance job, and presentation of papers by students in competition for prizes offered by Griffith foundation for insurance education.

Judges of the contest include Sam Garwood Jr., insurance manager of Columbus & Southern Ohio Electric; William H. Hale, secretary of Permanent Ins. Co.; James C. O'Connor, executive editor of the *Fire, Casualty & Surety Bulletins*, and Robert A. Rennie, vice-president of Nationwide.

Premiums, Assets of Trinity Universal Gain

Trinity Universal and its subsidiary, Security National, had an increase in assets last year of nearly \$2 million, to a total of \$37,240,238, President Gordon S. Yeargan reported. Premium income reached a new high of \$22,295,684, a gain of nearly 10%.

Directors voted to increase the regular annual cash dividend from \$1.60 to \$2 a share, payable quarterly. Officers and directors of the new companies were reelected.

Strudwick & Co. Advances Donald Taylor to V-P

Donald A. Taylor has been advanced to vice-president of A. E. Strudwick & Co. of Minneapolis, the reinsurance brokerage firm. Mr. Taylor joined the Strudwick organization last July, and before that was with Inter-Ocean Reinsurance and Mutual Reinsurance Bureau.

Mr. Taylor's responsibilities involve production, underwriting and servicing of reinsurance accounts.

The U. S. branch of Tokio F. & M., of which Appleton & Cox are U. S. managers, has been licensed in California.



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Exclusive Underwriting Agents of Exchange Insurance Association

Exchange of Coast Bureau Experience on Auto Near

Plans for cooperation between Pacific Coast Advisory Assn. and National Bureau of Casualty Underwriters for the exchange of automobile liability insurance experience are rapidly nearing completion, according to a joint announcement made by William Leslie, general manager of the bureau, and James T. Blalock, president of the association.

Plans contemplate that members of the association will file experience with that organization in accordance with the statistical plan of National Bureau, and the association will furnish this experience in consolidated form to National Bureau for use in the development of advisory automobile liability insurance rates for California, the announcement stated.

Plans also contemplate organization of a joint advisory committee composed of an equal number of representatives of each of the two organizations. This committee will review experience exhibits prepared and submitted by National Bureau and will make advisory recommendations respecting rates to be promulgated for California by National Bureau acting in its capacity as a rating organization.

Minn. Legislature Scares Insurers on Wrongful Death

ST. PAUL—Insurance men has a brief scare at a session of the house when meeting as a committee of the whole it approved an amendment that would remove the present ceiling in Minnesota of \$17,500 for wrongful death. As soon as the house realized what had been done there was an uproar and several insurance men members protested. They said it would increase liability insurance rates.

The amendment was backed by attorney house members but it finally was decided to re-refer the amendment to the judiciary committee.

Attorneys of Minnesota have long been trying to have the ceiling for wrongful death removed in the belief injuries would allow more than \$17,500. Several years ago the ceiling was raised from \$10,000 to \$17,500.

In a special message to the legislature Gov. Freeman urged an increase in workmen's compensation benefits from \$40 to \$50 a week and that compensation be based on the actual loss of earning capacity resulting from an injury.

Among new insurance bills introduced are: Relating to assessments to restore the finances of insurance companies; providing domestic insurers may pay dividends in excess of 10% of capital and surplus; enlarging investment powers of fraternal benefit associations, providing compensation for covered injuries to a minor illegally employed shall be double and extending time of partial disability to 400 weeks.

Ohio Bill Introduced To Give Cabinet Rank To Insurance Department

A bill has been introduced in the Ohio house supporting the recommendations of Gov. O'Neil that the insurance department be made a separate governmental unit with cabinet status

and providing that the superintendent may appoint two assistants, one technical and one administrative. They would be authorized to conduct hearings and expedite the work of the department.

Sponsors of the bill are Rep. H. L. Short of Piqua, chairman of the insurance committee, and J. F. McClure, Loudonville, a local agent.

A bill establishing the doctrine of comparative negligence had a hearing Wednesday evening, and another bill to prohibit contributory negligence as a defense to prevent recovery in tort actions based on negligence also was heard.

National of Hartford Has Underwriting Loss of \$11,344,014

National of Hartford groups assets and investment income went up while premiums and policyholders surplus decreased in 1956. The underwriting loss was \$11,344,014, more than 50% of it due to automobile claims.

Assets increased to \$157,783,111, and investment income climbed 7.8% to \$3,958,619.

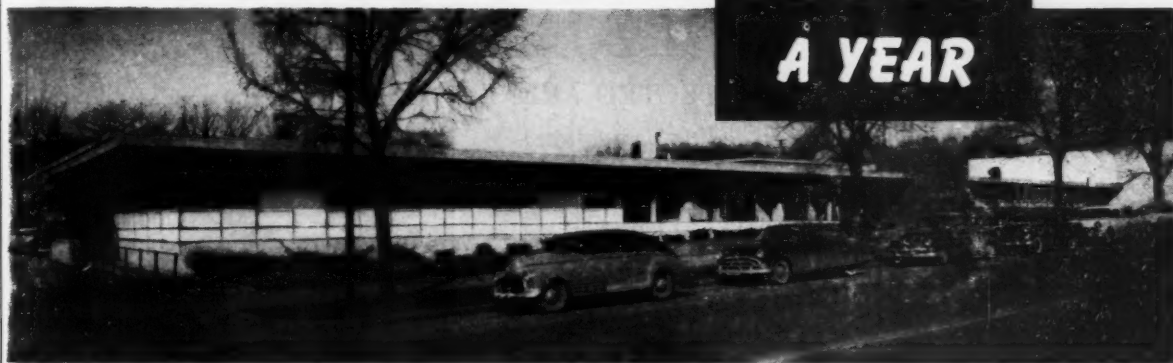
Premiums declined 2.4% to \$79,016, due to a large, non-recurring item of reinsurance assumed in 1955 and steps taken by the group to eliminate undesirable business. Policyholders surplus dropped \$6,104,439 to \$50,755,457. Operating losses for the year amounted to \$6,924,538. In view of the unfavorable results, a reduced dividend of 40 cents per share was declared.

West Bend Mutual Fire of West Bend, Wis., has changed its name to West Bend Mutual Ins. Co.

Betty Rose COATS AND SUITS
STERN-SLEGMAN-PRINS COMPANY, KANSAS CITY

protects its property *Automatically...*
gets better **FIRE** and **BURGLARY**
protection and

**SAVES
\$5000
A YEAR**



We use ADT Automatic Protection Services and feel that they safeguard our property more completely than other methods, and at lower cost. Estimated savings are \$5,000 a year.

Ferdinand Stern
FERDINAND STERN
President

Fire or burglary could seriously affect the business of Stern-Slegman-Prins Company. The uninterrupted manufacture and prompt delivery of Betty Rose coats and suits — at the height of the fashion season—is vital to the company's successful operation.

To obtain the best protection available against such hazards, the management chose ADT Automatic Protection Services, consisting of a combination of Central Station Sprinkler Supervisory and Waterflow Alarm, Burglar Alarm and Heating Supervisory Services.

Like Mr. Stern, thousands of business executives from coast to coast know that ADT Automatic Protection Services give greater security for property, profits and employees' jobs than is otherwise possible, and at less expense.

May we show you what ADT can do for you?

Whether your premises are large or small, old or new, there is an ADT Protection Service to meet your needs. An ADT specialist will show you how combinations of automatic services can guard your property. Call our local sales office if we are listed in your phone book; or write to our Executive Offices.



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Fireman's Fund Has Six Changes on Coast

Several staff and field changes have been made in the Pacific and southern California departments of Fireman's Fund group.

Sherwood Klingel has been transferred from San Jose, where he has been fire special agent since 1953, to Oakland as special agent in the east bay area. William Shannon has transferred to San Jose from San Francisco to take over Mr. Klingel's field.

In southern California, Ralph H.

Spencer has been made assistant manager of the bond and burglary department. He has been in the department since he joined Fireman's Fund in 1946, serving as underwriter, special agent and superintendent of underwriting.

John M. Arnott has been appointed chief underwriter in the bond and burglary department. His experience with the company dates back to 1953, when he started as a burglary underwriter.

Alden B. Canham has been named bond and burglary special agent. He

has had multiple line underwriting experience with Fireman's Fund, and has been a bond and burglary underwriter since 1955.

Martin Rudlang has been transferred from the southern California department to the western department at Chicago where he will be in charge of bond and burglary production for that territory.

Baxter Durham, chief of examining agents of the North Carolina department, has retired. He is succeeded by Robert Boone, assistant chief.

Bureau, NAUA Raise Auto Rates in Ia.

National Bureau of Casualty Underwriters and National Automobile Underwriters Assn. have revised automobile rates for Iowa, effective Feb. 13.

For cars without male operators under 25 the bureau increased rates \$1 to \$11. For cars owned or operated by married young men under age 25 and family cars with male operators the rate increases range \$4 to \$15. For cars owned or principally operated by unmarried young men under 25, increases range \$24 to \$35.

NAUA has increased comprehensive for popular priced private passenger automobiles \$2 to \$3 in most territories, but \$6 in Sioux City, and no change in Council Bluffs. The \$50 deductible comprehensive at up to 40% is now available in Iowa.

The \$50 deductible collision for private cars is decreased 5% in Sioux City and Cedar Rapids. In Des Moines the increase is 15% and in Davenport 17%, and in the balance of the state 6%. Corresponding \$100 deductible private passenger collision adjustments have been made.

Class 2 collision is increased 30%. Local hauling commercial comprehensive is reduced 14% and collision 20%.

Agree on Handling of WC Business in Alaska

Admitted companies and surplus insurers will continue to write workmen's compensation business in Alaska on a competitive basis under the terms of the proposed Alaska insurance code, it was agreed at a recent informal hearing called by Commissioner Duncan at Juneau. The surplus underwriters, however, will in the future comply with rate filing and experience reporting requirements. Composite rating of WC risks by some of the admitted insurers will be discontinued.

The admitted company representatives and surplus line brokers were in full agreement on what previously had been reported a point at issue. Hugo Methmann, vice-president of Fireman's Fund, said the admitted companies were willing to go along with the revised code which would give the commissioner the discretionary authority to proclaim WC "open" to surplus insurers if the public interest was best served by doing so. Thomas Telfer, Farwest general agency, Seattle, who spoke for surplus line brokers, said the brokers would be willing to submit to the same regulation as the admitted insurers with respect to rate filings and the filing of experience figures.

Standard Accident Joins General Cover Assn.

Standard Accident group has become a member of General Cover Underwriters Assn. which provides facilities for underwriting countrywide reporting form insurance on multiple location risks and single state reporting form contracts.

Other members of the association are: Glens Falls, Great American, Hanover, Maryland Casualty, National Union, New Amsterdam, Northern of London, Phoenix of Hartford, Security, Springfield F.&M. and U.S. Casualty.

L. A. C&S Men Elect

LOS ANGELES—Casualty & Surety Field Men's Assn. of Los Angeles has elected these officers: President, James Diemer, Pacific Employers; vice-president, James Torre, Great American Indemnity; treasurer, Howard Baker, Superior.

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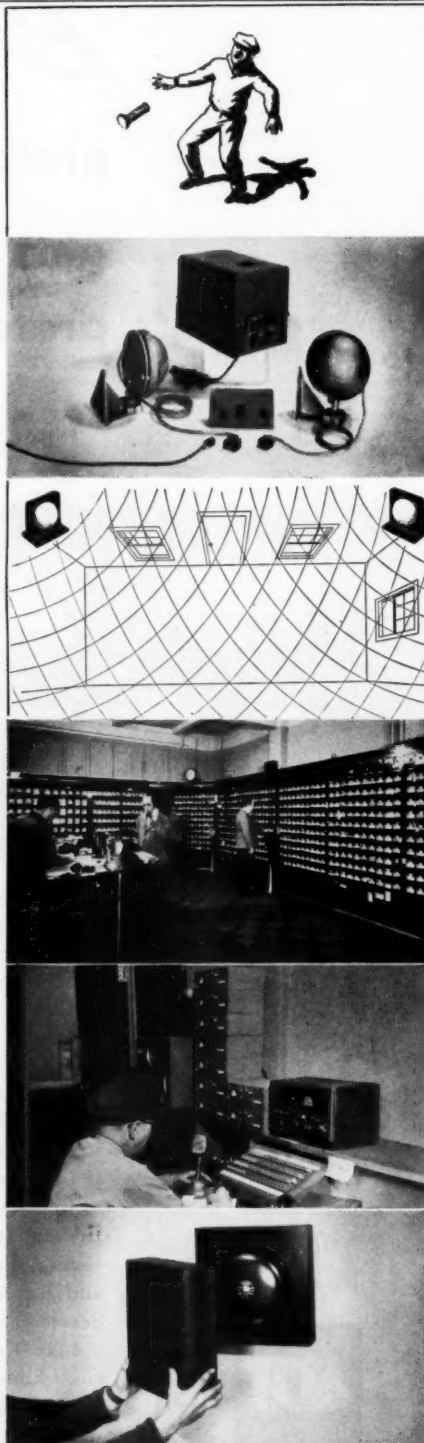
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Gulf Has Small Underwriting Loss, to Increase Capital

President T. R. Mansfield of Gulf of Dallas told stockholders at the annual meeting that severe automobile losses had produced a comparatively small underwriting loss in 1956 of \$107,633, but this was more than offset by net investment income of \$1,122,462. Net premiums written were \$20,485,805, a gain of \$1,472,332. Unearned premiums increased by \$1,265,620 to \$19,010,944.

Stockholders approved a proposal to increase the capital of Gulf from \$2,750,000 to \$3 million by the issuance of 25,000 new shares on the basis of 1 for 11.

Two new directors were elected, J. D. Daniels, senior vice-president, replacing the late J. B. Adoue Jr., who was chairman, and John F. Moore, replacing his father, who resigned because of ill health.

All officers of Gulf and the subsidiaries, Atlantic and Select, were reelected.

Open Nominations for A&S Man of Year

The accident and sickness insurance business will help choose its ninth "man of the year" award winner in balloting now being opened. International Assn., of A&H Underwriters, which sponsors the Harold R. Gordon memorial award along with Chicago A&H Assn., is distributing nominating ballots to all interested segments of the business, including insurance commissioners.

The award is given for outstanding contribution to the A&S business during the preceding year, or for sustained and meritorious service over a long period of time. Presentation will be made at the IAAHU annual convention at St. Paul June 12-15.

Any member of a local A&H association may vote in the nominations; likewise any member of an insurance association, members of the insurance press, an insurance commissioner, or persons directly or indirectly connected with the A&H industry.

All ballots must be sent to the chairman of the 1957 award committee, Albert H. Wohlers, c/o the IAAHU, Room 1110, 330 South Wells street, Chicago 6, not later than March 31. Mr. Wohlers of Youngberg-Carlson agency, Chicago, will be assisted on the award committee by Irving G. Weissman, Loyalty group; E. H. O'Connor, Insurance Economics Society; John C. Burridge, NATIONAL UNDERWRITER and Bruce Gifford, managing director of IAAHU.

The committee will review the nominations and make its selection. Mr. Wohlers will make the presentation of the plaque contributed by the Chicago A&H Assn. at the St. Paul convention.

Mass balloting in the nominations is discouraged. Only individual ballots should be forwarded to the committee. Each ballot must be accompanied by biographical and background data. Voters are asked to state precisely why they think their candidate should be the recipient of the award. Additional ballots may be obtained from IAAHU headquarters in Chicago.

Philadelphia CPCU to Hear Deputy

Bernard J. Kelley, deputy insurance commissioner of Pennsylvania, was

speaker at the Philadelphia chapter of Society of Chartered Property & Casualty Underwriters on Feb. 11. His subject was the function of the insurance company examination division of the state insurance department.

Allied Mutual of K. C. Elects Smith President

William N. Smith has been elected president of the Allied Mutual of Kansas City. Other officers elected were S. B. Mumma, vice-president; William O. Buffe, secretary, and L. V. Palmer, general counsel.

National Board Names Tatnall in Chicago

George Tatnall has succeeded John H. Arnold as assistant chief engineer in charge of National Board's Chicago office. With the board since 1920, Mr. Arnold has retired.

Mr. Tatnall joined the board in 1924, specializing in municipal fire protection.

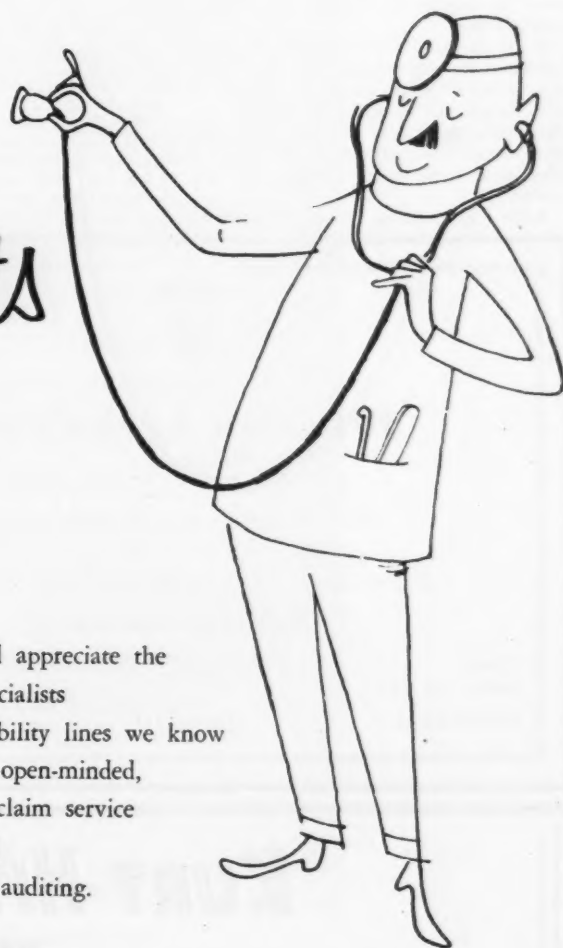
An auto compulsory bill, patterned after the new law in New York, has been introduced in Maine.

American Casualty Adds B&M Division

A boiler and machinery division has been established by American Casualty. The new division is part of the casualty department, and will be under the direction of Alfred J. Stewart Jr., former underwriting manager, who has been appointed superintendent. Thomas J. Kopel was named assistant superintendent of the new division.

Franklin Childers has purchased the W. A. Shelton agency of Unionville, Mo.

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Roy McCullough to Join Kemper Group

Roy C. McCullough, who resigned about a week ago as manager of Multiple Peril Insurance Rating Organization, will join the Kemper group as assistant general counsel April 1. He will make his headquarters in the Eastern offices at Summit, N. J.



Roy C. McCullough

Prior to being named manager of MPIRO in 1951, Mr. McCullough was in the New York insurance department, first as special assistant to the superintendent and later as deputy superintendent, supervising the bureau in charge of fire and casualty rate making.

He is credited with formulating the homeowners and manufacturers' output policies, establishing rating bureau functions to make the rates for these policies which were a departure from established practices. These policies now have been accepted in 43 states.

After graduating from Syracuse

university law school in 1941, Mr. McCullough practiced law until joining the New York department. During World War II he served in the air force, leaving the service with the rank of major.

Frederick Jones Elected President of Mayflower

Frederick E. Jones has been elected president of Mayflower of Columbus. He is also president of Buckeye Union Casualty, Buckeye Union Fire, Ohio State Life and Columbus Mutual Life, all of Columbus. The Buckeye Union companies purchased control of Mayflower last October. Present plans call for a merger of Buckeye Union Fire and Mayflower in the near future.

John A. Dodd was elected to the newly-created position of executive vice-president of Mayflower. He holds the same office with Buckeye Union Fire and is a director of Buckeye Union Casualty. Assistant Secretary F. J. Gunther was promoted to secretary.

The board of Mayflower now includes Mr. Jones, Mr. Dodd, Mr. Cook and John G. Case, Frank A. Burgess and Donald R. Haverick. Mr. Case is former secretary and general manager of Mayflower. Owing to ill health, he is retiring from active management.

Assets of Mayflower Dec. 31 totaled \$3,683,704, with surplus to policyholders \$1,271,968. Total production for the year was \$3,216,927.

American Casualty Underwriting Profit

Net premiums of American Casualty in 1956 increased by \$2,964,169 to reach an all time high of \$77,307,729. Assets gained \$5,218,640, to a record \$66,757,892. Also, a net increase of \$2,063,614 brought policyholders surplus to \$18,847,812, another all time high. American Aviation & General assets increased \$1,232,629 to a new high of \$16,650,219, and a rise of \$602,799 brought policyholders surplus to a record \$6,476,540.

American Casualty realized 1.71 points of underwriting profit for the year, despite the continuation of a deterioration in all three branches of automobile business, which began in 1955.

With the exception of credit disability reinsurance, written premiums in every line gained. A&S rose \$1,828,166, automobile, \$750,056; burglary, \$97,104; fidelity and surety, \$373,675; fire and allied lines, \$807,320; inland marine, \$490,243; liability other than auto, \$711,576; plate glass, \$255,902, and workmen's compensation, \$422,446. Premiums for ocean marine, being written for the first time last year, totaled \$172,714. Credit disability reinsurance volume was down \$2,945,038.

Third Compulsory Bill in Indiana Legislature

A third compulsory automobile liability insurance bill has been introduced in the Indiana legislature and has been sent to the house committee on roads. Presumably, the strategy of compulsory proponents is to get measures into as many different committees as possible. The earlier bills are in the house committee on public safety and the senate insurance committee.

A bill to create a small claims court within the insurance department to handle claims up to \$250 has been introduced and is now in committee. Similar bills have been in the Indiana legislature several times before, not with the insurance department in charge of the settlements.

Oil Assn. Reelects Beebe

P. S. Beebe, Hartford Fire, was re-elected president at the annual meeting of Oil Insurance Assn. at Chicago,

and other officers were also renamed to their posts. They are: Leonard Peterson, Home, vice-president; C. W. Ohlsen, Sun, vice-president; and Paul H. Barr, Hanover Fire, secretary-treasurer. J. L. Erhardt, of Royal-Globe replaced Clarke Smith, also of Royal-Globe, on the executive committee.

Duckworth, Johnston Are Promoted at Home Office of Employers Mutuals

T. A. Duckworth, personnel director, has been named secretary of Employers Mutual of Wausau succeeding C. H. Brimmer, and Neil Johnston, assistant treasurer, was appointed treasurer, succeeding Harold M. Bower.

Mr. Duckworth joined Employers Mutuals in 1936 in the claims department at Kansas City. He has been personnel director since 1944. A law graduate of the University of Missouri, he also served in the legal department. He will continue to administer the personnel department.

Mr. Johnston was a member of the investment banking staff of the firm now known as McCormick & Co. at Chicago, before joining Employers Mutuals in 1953 as assistant treasurer. A University of Chicago business school graduate, he served as an officer with the navy during world war II.

Brimmer, who has been secretary since 1937, began his career with Employers Mutuals in 1915 as an accountant. He has a son, Charles P., on the sales staff of Employers Mutuals at Minneapolis.


Mr. Bower has been treasurer since 1935 when he joined the companies.

Taylor To Keep Job at Least Until June 30

Commissioner Robert B. Taylor of Oregon, president of National Assn. of Insurance Commissioners, will remain in office until the expiration of his term June 30, Gov. Holmes has announced. The election of Gov. Holmes, a Democrat, last November had left Mr. Taylor's position in some doubt.

Tex. Fire Hearing Set

The Texas department has scheduled a hearing March 8 at Austin to consider classification of certain grain risks as non-manufacturing under business interruption, reduction in rate of fireproof chools, reduction in rate on theater projection booths where acetate film is used, and to consider the use of a \$25,000 deductible on school properties.



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Chaloner, McFarland Elected by American

Russell S. Chaloner has been elected a vice-president of American and American Automobile, and John G.



Russell S. Chaloner



John G. McFarland

McFarland, vice-president of American, has been elected a vice-president of American Automobile. Mr. Chaloner continues as senior executive in Chicago, where Mr. McFarland will be associated with him in the integrated operations of the two companies.

Mr. Chaloner entered insurance with Travelers in 1918, became an assistant manager in Chicago the following year, and in 1927 was appointed western manager of Norwich Union and Phoenix Indemnity. He subsequently became Chicago manager of Lloyds Casualty of New York in 1930, and special representative in general agency accounts of Eagle Indemnity. He went to American Auto in 1933, became assistant manager in Chicago in 1934, and branch manager in Minneapolis in 1937. He was promoted to resident vice-president in Chicago in 1946.

Mr. McFarland entered the business as an engineer for Kansas Inspection Bureau. He joined American as a special agent in Kansas in 1930, was later made state agent and subsequently served in the same capacity in Minnesota. He was named superintendent of agencies at Rockford, Ill., in 1935, assistant manager of the western department in 1944, and manager in 1951. He was elected a vice-president of American in 1955.

Chicago Board Inspects City Schools for Fire Hazards

Fire and accident safety inspections of the more than 400 public elementary and high schools are being made by the Chicago Board for the city board of education.

Nels A. Ulseth, board president, said arrangements were made with Benjamin C. Willis, school superintendent, to have trained insurance engineers visit all school properties and check for fire and accident hazards. Their reports and recommendations will be forwarded to the board of education by the Chicago Board without charge as a public service.

Eight elementary and two high school properties were selected by Mr. Willis to get the program started. Oldest is the Hayes School, erected in 1867; newest is Amundsen high, erected in 1930.

Inspections are now under way and will be completed within two weeks. Mr. Willis said he plans to discuss the reports with his staff and present them to the board of education for consideration. He said the new inspection program "... involves assistance of great value to the board of education by the Chicago Board."

Pacific National To Enter Casualty Field

Pacific National Fire is organizing a production department and field staff to enter the casualty and surety business on a nationwide basis.

Brown on Kemper Junior Board

Arthur L. Brown has been elected to the Kemper insurance junior board. He joined the Kemper organization in 1949, was appointed to the educational department in 1954 and now is on the staff of the affiliated Mutual Insurance Institute.

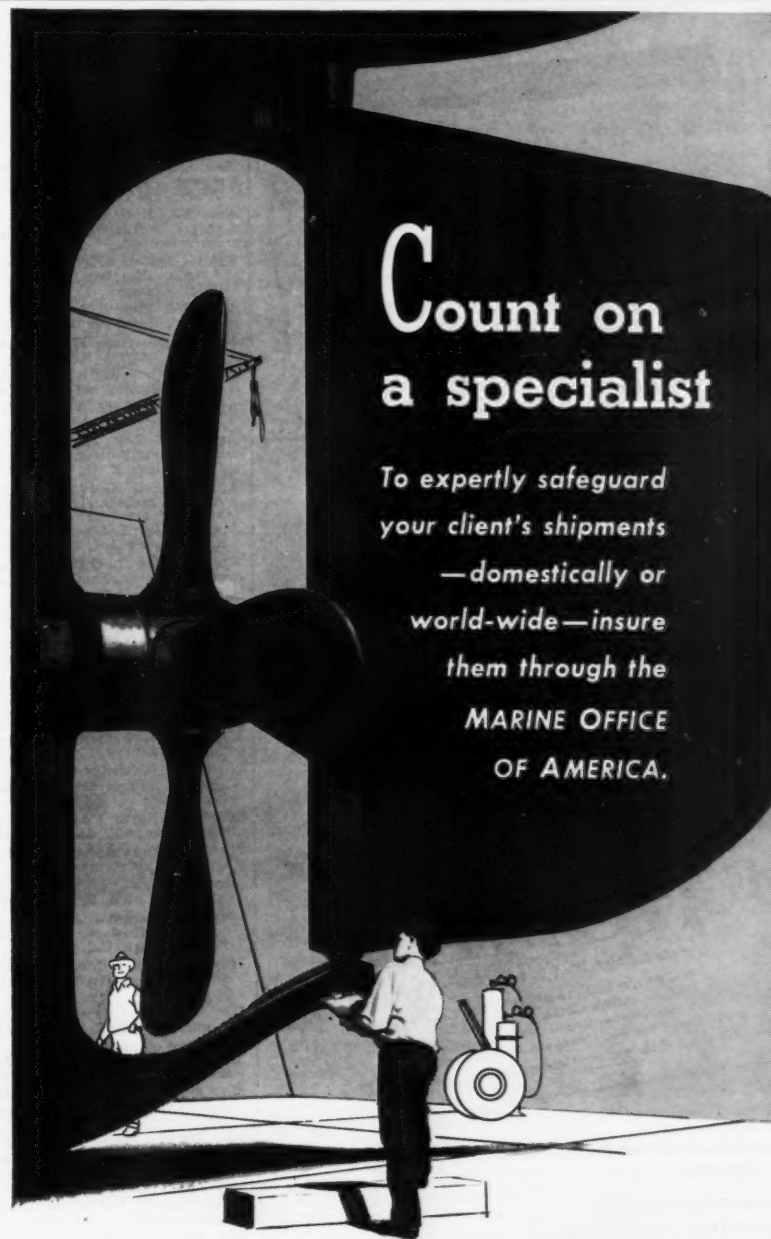
Reno Loss to Cost Insurers \$2 Million

Insurance loss of about \$2 million is estimated to have resulted from the gas explosion and fires in Reno two week ago. Property damage will be about \$4 million. The number of losses is not great, there being about 45 claims of which seven will be of major proportion.

Determination of coverage has been hampered by the fact that two of the losses were insurance agencies—the J. E. Slingerland general agency,

burned out, and the Ben Edwards & Associates local agency, extensively damaged. In addition, the J. V. Corica general agency was in the blast area evacuated by authorities, making it difficult to get at records immediately.

Although the estimated insurance loss is well over the National Board \$1 million disaster figure, Reno has not been assigned a catastrophe number and it is felt the loss will be handled locally. A limited number of adjusters, probably will handle the assignments because damage was confined to a one block area primarily.



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Convention Dates

- Feb. 28-Mar. 2, Tri State Mutual Agents Assn., annual, Penn Harris hotel, Harrisburg, Pa.
- Mar. 4-5, New Jersey Assn. of Insurance Agents, midyear, Berkeley-Carteret hotel, Asbury Park.
- Mar. 6-7, Fire Underwriters Assn. of the Pacific, annual, Sheraton-Palace hotel, San Francisco.
- Mar. 7-9, National Assn. of Surety Bond Producers, annual, Mayflower hotel, Washington, D. C.
- Mar. 10-14, National Assn. of Mutual Insurance Agents, midyear, Jung hotel, New Orleans.
- Mar. 12, Pittsburgh I-Day, Penn-Sheraton hotel, Pittsburgh.
- Mar. 17-19, Eastern Agents Conference of NAIA, Statler hotel, Washington, D. C.
- Mar. 20, American Marine Hull Insurance Syndicate, annual, Board room, 99 John street, New York City.
- March 24-26, Southern Agents Conference, Jung hotel, New Orleans.
- March 24-26, Midwest Agents Conference of NAIA, French Lick-Sheraton hotel, French Lick Springs, Ind.
- Mar. 25, Rhode Island Assn. of Insurance Agents, mid-year, Sheraton-Biltmore hotel, Providence.
- Apr. 3-4, National Assn. of Independent Insurers, workshop, Mark Hopkins hotel, San Francisco.
- April 4-5, National Assn. of Casualty & Surety Agents, directors semi-annual, Ambassador hotel, Chicago.
- April 7-9, Mutual Agents Assn. of New York, annual, Syracuse hotel, Syracuse.
- April 11-12, Ohio Assn. of Mutual Insurance Agents, annual, Neil House hotel, Columbus.
- April 15-17, Iowa Assn. of Insurance Agents, annual, Savary hotel, Des Moines.
- April 18-19, Zone 5 of NAIC, annual, Plains hotel, Cheyenne, Wyoming.
- April 23-24, Zone II of National Assn. of Insurance Commissioners, annual, Sedgfield Inn, Greensboro, N. C.
- April 25-26, Minnesota Assn. of Insurance Agents, midyear, Leamington hotel, Minneapolis.
- April 28-May 1, Chamber of Commerce, insurance department, annual, Washington, D. C.
- April 28-May 1, Colorado Insurers Assn., annual, Cosmopolitan hotel, Denver.
- April 28-May 1, Rocky Mountain Territorial Conference of NAIA, annual, Cosmopolitan hotel, Denver.
- April 28-May 1, National Board of State Directors of NAIA, midyear, Cosmopolitan hotel, Denver.
- May 1-5, National Assn. of Public Insurance Adjusters, annual, Saxony hotel, Miami Beach.
- May 2, Midwestern Independent Statistical Service, annual, La Salle hotel, Chicago.
- May 2-4, Louisiana Assn. of Insurance Agents, annual, Edgewater Gulf hotel, Edgewater Park, Miss.
- May 2-4, North Carolina Assn. of Insurance Agents, annual, Carolina hotel, Pinehurst.
- May 5-7, Alabama Assn. of Insurance Agents, annual, Battlehouse, Mobile.
- May 5-7, New York State Assn. of Insurance Agents, annual, Syracuse hotel, Syracuse.
- May 6-8, National Assn. of Independent Insurance Adjusters, annual, El Mirador hotel, Palm Springs, Cal.
- May 6-8, Health Insurance Assn. of America, annual, Sheraton-Park hotel, Washington, D. C.
- May 7, Assn. of Casualty & Surety Companies, annual, Waldorf-Astoria Hotel, New York City.
- May 9, Surety Assn. of America, annual, Sheraton-Astor hotel, New York City.
- May 9-10, Missouri Assn. of Mutual Insurance Agents, annual, President hotel, Kansas City, Mo.
- May 10-11, Oklahoma Assn. of Insurance Agents, annual, Biltmore hotel, Oklahoma City.
- May 12-13, New Jersey Assn. of Mutual Insurance Agents, annual, Berkeley Carteret hotel, Asbury Park.
- May 12-14, Florida Assn. of Mutual Insurance Agents, annual, Tides hotel, Redington Beach, St. Petersburg.
- May 12-14, Virginia—D. C. Assn. of Mutual Insurance Agents, annual, Cavalier hotel, Virginia Beach.
- May 13-15, National Assn. of Insurance Brokers, annual, St. Louis.
- May 16-17, Arkansas Assn. of Insurance Agents, annual, Arlington hotel, Hot Springs.
- May 17-18, Texas Assn. of Insurance Agents, annual, Statler-Hilton hotel, Dallas.
- May 19-21, Tennessee Assn. of Mutual Insurance Agents, annual, Gatlinburg.
- May 20, Vermont Assn. of Insurance Agents, midyear, Woodstock Inn, Woodstock.
- May 20-22, Georgia Assn. of Insurance Agents, annual, Bon Air hotel, Augusta.
- May 20-22, Insurance Accounting & Statistical Assn., annual, Palmer House, Chicago.
- May 20-24, National Fire Protection Assn., annual, Statler hotel, Los Angeles.
- May 21, Society of Fire Protection Engineers, annual, Statler hotel, Los Angeles.
- May 21-22, Illinois Bureau of Casualty Insurers, annual, St. Nicholas hotel, Springfield, Ill.
- May 24-26, Insurance Division of Special Libraries Assn., Statler hotel, Boston.

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U. S. Does Study of School Fire Cover

A 61-page bulletin on school property insurance recently was issued by U. S. Department of Health, Education & Welfare. Written by N. E. Viles Sr., associate chief of the school housing section, the study goes into experiences of school systems with property coverage at the state level in considerable detail.

The book points out that school insurance has developed into a major administrative problem for many local school officials. In varying degrees the states have delegated to local administrative school units or institutional boards responsibility for administering the educational program, which is often construed to carry with it an obligation to protect and preserve the physical properties of the district.

Total premium costs may become a major budget item for a school district, the bulletin notes. Thus school insurance problems are of concern both to local districts and to the state. The author states that this study provides the first summary of information on school insurance experience on a state by state basis.

The booklet includes both insured and "self insured" experience. For the insured experience the office of education of HEW had the assistance and advice of National Board, Mutual Insurance Advisory Assn., American Mutual Alliance, etc. The study deals at length with state operated school insurance programs in Alabama, North Carolina, North Dakota, South Carolina and Wisconsin.

The book makes no effort to compare or evaluate the relative merits or costs of insured and self insured programs and states that anyone attempting to do so probably should give due regard to factors not considered in the study.

The bulletin exhibits fire premiums and loss ratios 1948-52 on school properties by state, broken down into fire resistive buildings in protected areas and in unprotected areas, brick protected and unprotected, and frame protected and unprotected.

Total premiums for 1948-1952 were \$145,589,852 with a loss ratio of 35.3%. Stock insurers had \$126,894,292 of this amount with a ratio of 36.4% and mutual companies \$14,540,471 with a ratio of 26.3%. The protected and unprotected ratios were 35.7% and 34.7% respectively.

The bulletin devotes considerable space to Alabama's handling of cover on public elementary and secondary schools, which is a part of the state insurance fund program. The fund has been operating since 1923 and is managed by the insurance commissioner. The fund purchases catastrophe coverage in the private market and buys treaty type reinsurance on some risks. Reinsurance premiums in 1952-53 ran about \$490,000. As the bulletin points out, the fund officials deem it unwise to risk too much of the current \$2.6 million fund reserve on one risk or one

campus, and reinsurance is a means used to limit such fund risk. Reinsured and non-reinsured risks are covered at published rates, but on fund-retained coverage the owner is allowed a 40% reduction in rates. The fund is not responsible for boiler, liability and casualty losses. Schools can buy collision and theft on buses. The state appropriates \$100,000 annually to the board of adjustment to cover liability on state or municipal vehicles.

In North Carolina there are two programs. One involves state owned buildings, which include state owned colleges. This coverage was authorized in 1945. The program is handled by the insurance department, and the state reinsures coverage in excess of \$50,000 per risk with licensed insurers. (The business is handled by North Carolina Assn. of Insurance Agents and originally was bound by the agency of Louie E. Woodbury Jr. at Wilmington, the vice-president of NAIA. The business later was transferred to the association, and all commissions credited to that group. Mutual agents participating in the commissions, and North Carolina Assn. of Mutual Insurance Agents received a percentage of the commissions. The commissions are used for accident prevention work and promotion of safety programs.)

In 1949 North Carolina authorized the establishment of an optional insurance program for public elementary and secondary schools buildings. (Schools are not owned by the state but are the property of individual counties. While the school fund handles a large number of schools, a great deal of this business still is handled by local agents or local boards, and the business is placed in both stock and mutual insurers.)

In 1953, it was estimated that the "fund" coverage included about 40% by value of public elementary and secondary schools in the state according to the HEW booklet. The local school board pays premiums to the fund. This fund is administered by a division of insurance in the state board of education. However, this division cooperates with the state department of public instruction and the state insurance department. This is the fund that was created by transfer of \$2 million from the "literary fund."

The liability the fund assumes on any one risk is \$200,000. Since some individual school buildings have insurable values exceeding \$1 million, excess coverage and other reinsurance was authorized in 1953. The division of insurance recently purchased a London Lloyds cover of \$15 million, covering in excess of \$200,000 for each loss at each location, with a limit of \$1 million dollars on each loss at each location. The fund thus assumes the first \$200,000 of risk and goes back in at \$1,200,000. The premium, according to HEW, was \$9,750 for the first year. The Lloyds coverage automatically includes new units coming into the fund during the policy year. The policy is

Insurer Pays Only \$12,000 on \$105,000 on Pa. Foundry Fire

Fire destroyed a division plant of York Barbell Foundry at Marietta, Pa. The building was valued at \$80,000, and the contents at \$25,000. It was insured for \$12,000—\$10,000 building and \$2,000 contents, in Lebanon Mutual. No business interruption cover was carried. The firm has long manufactured equipment for athletes, including U.S. Olympic teams.

May Extend Wash. Sales Tax to Personal Services

Extension of the Washington sales tax to include personal services may be proposed at the current legislative session. Extension of the tax to personal services would affect insurance agents and, according to a reference manual for the legislature, prepared by the state tax commission, would raise additional revenue of \$43,087,000. A similar proposal was debated in the 1955 legislative session with the fight against the extension led by representatives of the medical and legal profession. If the budget studies indicate the need for a major increase in tax revenue, the proposal to extend the sales tax to personal services appears to be the probable first source that the legislature will debate.

American F. & C. Hikes Dividend by 25 Cents

American Fire & Casualty has increased its annual dividend by 25 cents to \$1 per share, payable quarterly. The first quarterly payment of 25 cents is payable March 15 to stockholders of record Feb. 28.

for one year and is then renegotiated.

The state fire and tornado fund of North Dakota originated in 1919 and has been revised from time to time. The insurance commissioner administers the fund and has authority to call on the attorney general to force premium payments. By agreement, commissioner and owner may arrange for an independent contractor to repair or replace the property, up to the face of the policy.

One weak point in public fund coverage is illustrated by the experience of the North Dakota fund. The problem of determining adequate fund reserves seems to be ever before state officials, the bulletin points out. It seems to be generally understood that either reserves or reinsurance may be essential in a sound program. Thus the North Dakota law on fund reserves have been changed numerous times. In 1919 the reserve was 10% of coverage, 1927 5%, 1931 \$2 million, 1935 \$1.5 million, 1943 \$3 million, 1944 \$2 million, and 1947 \$4 million.

South Carolina's is one of the oldest state schools building insurance programs. It began in 1900 and includes other types of buildings besides schools. In 1951 the act was amended to provide a program for purchasing casualty, liability and property damage on state owned school buses.

The Wisconsin program is part of an over-all state insurance program.

To Appeal \$325,000 Judgment Against Cal. School District

The \$325,000 judgment against the Dunsmuir, Cal., high school district awarded to a 19 year-old football player for injuries sustained during a pre-season practice game will be appealed—as was expected. The judgment has stirred a considerable furor among school authorities and a surprising number of insurance people in and about San Francisco. The high school district had liability coverage up to \$200,000.

On the educational side, many have expressed the belief that this judgment has created a hazard which may seriously affect the future of high school athletics. On the other hand there are sports writers and school authorities who believe athletics may continue but under better supervision and with the requirement that a doctor always be on hand during contact and even other types of school sports.

The judgment in the Dunsmuir case was not usual: The injured boy's mother contended that the real injury—complete paralysis of the body from the waist down—was due to the negligence of the school's football coach in having the youth carried to the sidelines without calling a doctor to better ascertain the extent of the injuries. That was the basis for the high award in view of the boy's youth and the medical opinion he would be helpless for life.

The lumber town of Dunsmuir has 4,000 population; the school has 400 students, and the district claims the cost of maintaining and operating the school is in excess of \$130,000 a year. If the decision is upheld the town will be forced to make up the additional \$125,000—by a special tax levy, one town official stated.

Two Chicken Coverages Get IM Interpretation

The committee on interpretation has ruled that a form covering a dealer's interest in chicks and supplies against impairment caused by loss of market, regardless of loss or damage to the chicks, is not inland marine. This, the committee said, is in effect a contract guaranteeing against diminution of insured's interest whether related or not to direct physical loss, disease or death of the chickens.

However, the committee interpreted as inland marine a form insuring individual flocks to the extent the loss is directly caused by disease or death due to disease, and payable on a specified basis.

N. Y. Auto Compulsory Weeds Out Old Models

New York bureau of motor vehicles reports that many older vehicles have not been registered for 1957 and are being junked as a result of the new state auto inspection and compulsory cover programs. The brakes, lights, steering and wheel alignment of 1938 or older model vehicles are being inspected. Those whose faults cannot be repaired are subject to bureau action revoking registration.

Aetna Life Group Names 25 Officers

Aetna Life group has appointed **Morgan B. Brainard Jr.** senior vice-president and treasurer, **James B. Slimmon** senior vice-president and secretary, and **Robert W. Conly** vice-president and comptroller.

A. Henry Moses has been named assistant vice-president and cashier, and **Crampton Trainer** assistant vice-president and assistant treasurer. **James G. Butler**, **Charles F. Caley Jr.**, **George S. Chase** and **Joseph J. Murtha** were advanced to assistant treasurer.

The group appointed **Stuart W. Palmer** assistant secretary in accounts, and named three new assistant secretaries—**John T. Kearney** in personnel, and **Andrew Onderdonk** and **Robert H. Wiley** in the comptroller's department.

Aetna Casualty named **Willas L. Vermilion** vice-president in casualty claims, **Andrew H. Anderson** assistant vice-president in fidelity and surety, **Donald H. Burr** assistant vice-president in casualty, and two secretaries—**Hubert M. Blalock** in bonding claims, and **Lester F. Senger** in liability underwriting. It also promoted four to assistant secretary—**Eugene S. Evans** in casualty underwriting, **Leonard S. Anderson** in fire, **John A. Bachl** in bonding claims, and **Louis E. Buck** in automobile underwriting.

Other casualty company promotions were **Howard M. Bromage** to assistant director of training in casualty agency, **R. Keith Dillenback** to casualty claims field supervisor, and **Gilbert P. Kuenkler** to assistant manager of payroll audit.

Mr. Brainard, who recently suc-

ceeded **James H. Brewster Jr.** as vice-president and treasurer of Aetna Life group, has been with the companies 30 years. **Mr. Slimmon**, formerly secretary of Aetna Casualty and Standard Fire, and vice-president and secretary of Aetna Life, has been with the group since 1919. **Mr. Conly** joined the group in 1926, became vice-president of Aetna Casualty in 1952, and was named group comptroller in 1953.

Mr. Moses joined the group in 1928, was later made assistant treasurer of Aetna Life, and became assistant treasurer and cashier of the group in 1946. **Mr. Trainer**, formerly investment manager, has been with the group since 1936. **Mr. Butler** joined the group in 1942, was named secretary in investment in 1952. An investment analyst since 1954, **Mr. Caley** went to the group from New Haven Railroad research department in 1942. **Mr. Chase** joined the group in 1939, was appointed an investment analyst in 1954. **Mr. Murtha** has been a group investment office since 1954. He joined the group in 1938.

Mr. Palmer has been with the group since 1931, was named assistant secretary in personnel in 1948. **Mr. Kearney**, formerly superintendent in personnel, has been with the group since 1940. **Mr. Onderdonk** joined the group in 1934, served in the field and was transferred to the comptroller's department in 1951. **Mr. Wiley** entered group service in 1927, was named comptroller's field representative in 1946.

Mr. Vermilion was an Aetna Casualty field man until 1948, when he was named assistant secretary of casualty claims. He became secretary and head of casualty claims in 1954. **Andrew H. Anderson** joined the casualty

company in 1936, subsequently became associate superintendent of fidelity and surety, and was promoted to assistant secretary last year. **Mr. Burr** joined the company in 1929, entered the home office in 1938, was named assistant secretary in casualty in 1951, and secretary in 1953. **Mr. Blalock** gave up private law practice to join the company in 1928, was made assistant secretary in bonding claims in 1936. **Mr. Senger** entered insurance in 1934 and joined Aetna Casualty in 1943. He was appointed assistant secretary in special risk in 1955.

Mr. Evans has been in insurance since 1927, with the casualty company since 1934, and formerly was a casualty underwriting field supervisor. **Leonard S. Anderson** joined the company as a special agent in 1946, was promoted to state agent, and became agency superintendent in 1955. **Mr. Bachl** joined the company in 1930, was made bonding supervisor at Chicago in 1949. **Mr. Buck** has been with the company since 1946, was appointed superintendent of automobile underwriting in 1953, and co-superintendent in 1956.

Mr. Bromage joined the company in 1937. He has been concerned with the casualty sales training school since 1945. **Mr. Dillenback** joined the company in 1939, subsequently was zone superintendent of claims in Chicago before being appointed administrative assistant at the home office in 1954. **Mr. Kuenkler** formerly was superintendent of payroll audit, and has been with Aetna Casualty since 1937.

A new edition of New Jersey **workmen's compensation** law, containing changes, has been published at \$1.50, and is available from Assn. of Casualty & Surety Companies, 60 John street, New York.

Program for N. J. Midyear Is Ready

National advertising programs will be the focal point of the New Jersey Assn. of Insurance Agents mid-year convention March 4-5 in Asbury Park. A review of the National Board advertising program by **Frederick W. Doremus**, manager of Eastern Underwriters Assn., will be featured.

The two-day program will include a general administration report by **A. H. Miller**, president of the association, who will also survey the National Assn. of Insurance Agents' advertising program; and talks on workmen's compensation by **Ray Alger**, secretary of Travelers; "Agency Shortcuts" by **Guy Ferguson** of Ferguson Personnel, Chicago, and on the commercial policy and office Contents policy by **J. Homer Donica**, assistant secretary of America Fore. **Louie E. Woodbury** of Wilmington, N. C., NAIA vice-president, will speak at the luncheon concluding the convention.

Guarantee Mutual Elects French

At its annual meeting, Guarantee Mutual Fire of Ohio elected **Marion J. French** president to succeed **Henry G. Mueller**. **Minott M. Rowe** and **J. Howard Rohrer** were elected vice-presidents and **Robert L. Freeman** was elected secretary-treasurer.

Mr. French has been secretary-treasurer of Guarantee Mutual for 19 years.

Harold Allen, a partner in the New York securities firm of Allen & Co., and a trustee of American Surety, has been named chairman of the executive committee of American Life, a recently organized American Surety affiliate. He also is a director of the life company.

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Aetna Agency School Proves Continuity

BY KENNETH O. FORCE

Continuity in the local agency system, something it has frequently been charged with not possessing, was proved in the flesh at the dinner which marked the close of the 160th agent sales school of Aetna Casualty. Attending the affair at the Hartford Canoe club were 11 fathers of 11 members of this 26-member graduating class. The fathers are successful agents, and several of them are graduates of the school. Also, several members of this graduating class are third generation agents.

The 11 fathers who were guests at the dinner were J. Logan Gover of Mattoon, Ill., a graduate of the Aetna Casualty course 20 years ago, who was the guest speaker; Clarence P. Anderson of Chicago, Richard J. Bowers of Philadelphia, Harold Crippen of North Adams, Mass., Valmore H. Forcier Sr. of Danielson, past president of Connecticut Assn. of Insurance Agents, Robert Halsted of Detroit, W. H. Howey of Lincoln, Neb., Robert Merrill of Kansas City, Paul R. B. Pierson of Ossining, N. Y., Alphonse Ragland Jr. of Dallas and Walter T. Sorg Sr. of Massillon, O.

Among the 75 attending the dinner were several executives from the Aetna Casualty home office headed by Henry S. Beers, president. Mr. Beers and others spoke briefly. The Aetna Casualty attendance included Guy E. Mann, vice-president; Robert W. Conly, vice-president and comptroller and E. C. Knapp and Howard Knudsen, vice-presidents; Austin D. Bryan, secretary; Edward N. O'Beirne, assistant vice-president of the fire division; Amos E. Redding, secretary and director of the school; Edward F. Gebelein, Frank Potter, William W. Ellis and Edward Ellison, field supervisors; George J. Cleary, assistant secretary; Howard M. Bromage, who has just been appointed assistant director of training; Robert Haag, instructor at the school, and H. Cranston Lawton, supervisor of the news bureau.

Valmore H. Forcier Jr. entertained before dinner with a series of magic tricks, at which he displayed a skill which, someone pointed out, he did not learn in the Aetna Casualty school. He is in demand in his home community as an entertainer at school, civic and other functions.

Pointing out that the school has a reputation for being severe on its students, at least it does not have much opportunity for diversion and entertainment, Mr. Redding said that the agent's job today is a demanding one, and he needs all he can get in the way of practical, up to date information on agency practices. As in the past, the emphasis in the school today is not so much on policy language, exclusions, and the like, as on the uses of such information in an effective way. The school, he noted, which now has almost 6,000 graduates, is recognized countryover by regulatory bodies in connection with agent and broker licensing.

The business is getting more and more complicated, he said, more confusing, more mixed up. He suggested that the old time self-education route into the business may be too slow and too uncertain under today's conditions.

Of course, the company's purpose with the school is to strengthen its



Pictured at the head table are company notables at the dinner which closed the 160th Aetna Casualty sales school session. Left to right are: Guy E. Mann, vice-president; Henry S. Beers, president; Amos E. Redding, secretary and director of the course; J. Logan Gover, Aetna representative at Mattoon, Ill.; and E. C. Knapp, vice-president.

sources of business at the grass roots. The company is one which plays all of its cards on top of the table, he declared, it keeps its commitments to policyholders, and it is, through the school, presenting a challenge to agents for creditable insurer representation. It is a New England company, and it is conservative, but it backs down to no one in the field of agent education.

Mr. Redding introduced the top men in the class just closed. They are Terence C. Brady Jr. of the John A. Eckert & Co. brokerage firm of New York; Fredrick W. Webb of Johnson & Higgins, New York; Cruger S. Ragland of Dallas, and J. D. Byrum of Malden, Mo., in that order. The top men in sales demonstrations were Mr. Webb, Richard L. Halsted of Detroit, and Charles W. Greene of St. Paul.

Mr. Gover said that when graduates go out and see prospects and tell them what they have learned in the school, they have it made. He is not worried about price competitors. His agency is getting along all right. Competitors can't see everyone. There is plenty of opportunity for persons as well trained

as those who completed the school.

The class of 26 that was being graduated, Mr. Knapp said, represent a potential \$1 million in assets for Aetna Casualty group. The 11 fathers in 1955 produced almost \$1 million of casualty business, and much more than that if fire and marine are added.

He recalled that the school, which was borne of an idea of Mr. Redding, started in the depression. Mr. Redding had been conducting a school for field men for many years, but when the depression came on there was no need for new field men. However, many persons wanted to go into the insurance business, and Mr. Redding saw this opportunity. He has, Mr. Knapp pointed out, had the imagination and enthusiasm to build the school to a high point of prestige.

The company needs the agents, but agents need the company, Mr. Knapp observed. Many independent agents fail to recognize the fact that they are just as responsible for service to the buyer as the company is. The buyer looks to the agent. He doesn't know where agency service stops and company service begins. Independent

Left to right: Charles W. Greene, St. Paul; Dexter Ford, field supervisor; Harold G. Beedle, Detroit; Henry Hudson, Richmond, Va.; and Henry Wawak, Detroit.



Left to right: James W. Gover, Mattoon, Ill.; Paul R. B. Pierson and Dixon M. Farley, Ossining, N. Y.; Stewart Lind, Rochester; and Edward Ellison, field supervisor, enjoy dinner which closed Aetna sales school session.



agents have a choice of the company they use in their communities. Thus they are responsible for the kind of service their insured get. This is important, he said, because of the impact of company service on the agent's ability to renew business.

Except in life and surety, probably 80% of the agent's income is from renewals. It is little wonder that he must depend on the company, its claim service, and its other facilities. Recently, Aetna Casualty secured two or three very large accounts chiefly because the companies on the line previously had not provided safety engineering service.

Mr. Halsted and Mr. Green presented gifts from the class to Mr. Redding, Mr. Bromage and Mr. Haag. Mr. Webb presented for the class a desk lighter and ashtray for the instructors' desk. In doing so, he listed some Reddingisms, words and phrases which he had collected during the five-week course. Mr. Redding employs a picturesque and vigorous language and all those who have attended the school are much impressed by these salty phrases, as well as by his marked New England accent. Mr. Webb's collection included: "Be specific," "Knock it out of the lot," and "Colossal crust."

Ask New Malpractice Lawsuit Legislation

The Connecticut legislature has been asked to make it legally easier to sue physicians, hospitals and other medical professionals for malpractice. Such action is being opposed by Assn. of Casualty & Surety Companies, Connecticut Hospital Assn. and Connecticut Medical Society.

Howard Jacobs, New Haven attorney, testified before the general law committee, that such legislation would give the courts authority to admit recognized medical treatises, books or pamphlets as evidence in cases where it is difficult to get expert witnesses.

The proposed bill would be similar to a law now in effect in Massachusetts, and would allegedly remedy a situation where, despite the power of subpoena, no way exists to make a doctor testify against another.

N. Y. Superintendent Will Resume N. A. Rate Hearing

Superintendent Holz of the New York department will continue his hearing on the adequacy of North America dwelling rates Feb. 27-28. The hearing was postponed prior to Christmas.

New York Fire Insurance Rating Organization is opposing deviations of North America on certain classes of dwelling risks.

R. H. Murray Promoted

St. Paul F&M. has promoted Robert H. Murray to executive assistant. He will be general assistant to the treasurer of St. Paul F&M. and St. Paul Mercury.

Mr. Murray joined the company in 1927 and has been with the investment and treasurer's departments.

Greensboro Agents Elect

Greensboro-High Point (N.C.) Assn. of Mutual Insurance Agents has elected Phil Levine president to succeed John W. Herndon. Frank R. Poole Jr. and Arthur Dickens were elected vice-presidents, and William D. Snyder is secretary-treasurer.

Truck Exchange of Los Angeles has been granted an amended certificate by the California department, permitting it to write plate glass, boiler and machinery, credit, sprinkler, teams and vehicles, and aircraft.

U. S. Court Sustains Disputed Trademark

WASHINGTON—National Assn. of Mutual Insurance Agents' right to use its trademark of a mounted warrior on a banner inscribed with the words "Mutual Insurance," was sustained by federal court here.

The use of the insignia had been challenged by Champion Paper & Fibre Co., which has a similar trademark.

The decision, rendered by Judge Holtzoff, held that the similarity of trademarks did not imply any con-

nection between the association and the Champion company. The case was dismissed.

The association insignia has been used in use since 1949. At the time it was designed the Champion trademark was different from its present form.

Jack E. Deveau has been elected a member of the firm of Williams-Manny-Stevens & Engstrom agency of Rockford, Ill. He has been with the agency for several years and before that was in the Michigan field for Scottish-American group.

Program Set for Cleveland I-Day

Insurance Board of Cleveland will hold its annual Insurance Day March 11 at Hotel Manger.

President Paul R. Whitbeck of the Cleveland board will preside at the opening of the all-day meeting. The first speaker will be Oliver P. Bolton, Ohio director of commerce. Joseph E. Comtois will moderate a panel on current events in insurance in which the participants will be David A. Langner, North America, on atomic energy in-

surance; Richard S. Murray, Aetna Fire, on multiple peril manufacturing coverages; Edwin J. Sealy, Davis & Dissette agency, on multiple peril non-manufacturing coverages, and Harold W. Early will discuss automobile unsatisfied judgment funds and uninsured motorist coverage.

Luncheon speaker will be Hugh D. Combs, executive vice-president of U.S.F.&G. Preceding his talk will be greetings from Mayor Celebrezze of Cleveland, Superintendent Vorys of Ohio, and President F. H. Johnson of Ohio Assn. of Insurance Agents.

In the afternoon Paul D. Cousineau, associate chairman of I-Day, will preside as talks are given by Maurice G. Herndon, Washington representative of the national association, on flood insurance, and Donald H. Bunt, Royal-Globe group, on new packages.

The final session will cover sales slants with Robert O. Dorsey, associate chairman of I-Day, presiding. Alwin E. Bulau, advertising manager of Home, will discuss "Realistic Advertising," Harry E. McClain, executive secretary Indiana Assn. of Insurance Agents, will give an address entitled "Make Hay While the Sun Shines," and L. E. Irvine, educational director of Travelers, will talk on "Equipment for Successful Salesmanship."

Advocate Reform of New York Courts

Legislation which would create a simplified state-wide court system in New York is advocated by Assn. of Casualty & Surety Companies, which has endorsed recommendations made at Albany by New York temporary commission on the courts. A court reform bill is under consideration there.

The concern of the association and its member companies in court reorganization lies in the prompt handling of personal injury and property damage liability suits. The companies are convinced that presently existing delay, particularly in metropolitan areas, is harmful not only to injured persons but to insured and the public, and diminishes the prestige of the courts.

It is a matter of record that one personal injury suit was five years in reaching a court calendar in New York City.

Pa. Lumbermens Mutual Offers New Mail Piece

A new direct mailer describing many of the ways a local mutual agent can better serve buyers in his community has been published by Pennsylvania Lumbermens Mutual.

Entitled "Are You Enjoying the Services of a Local Agent?" the folder also lists the coverages available through the company, is designed to fit into a regular business envelope, and has a blank space which may be imprinted with the agent's name and address.

Old Republic of Pa. Names Zook Counsel

David Zook has been appointed counsel of Old Republic of Greensburg, Pa. He has been assistant counsel for Manufacturers Casualty and before that was engaged in private practice.

Iowa Reciprocal Changes Name

DES MOINES—Transport Indemnity Exchange has changed its name to Carriers Insurance Exchange. The company has been specializing in automobile coverages, workmen's compensation and general BI and PDL for the transportation industry, but has now established a group insurance and pension department as well.



How to make more Life Insurance sales to your fire-casualty clients

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Raihle Keynotes Mutual Casualty Fire Conference

Donald F. Raihle, vice-president of American Hardware Mutual, keynote speaker at Conference of Mutual Casualty Companies' fire conference in Chicago last week, said the one weakness of mutual insurance both now and in the past is the lack of a proper and thorough public relations program. He urged that consideration be given to a comprehensive advertising and public relations program to be supported by all companies.

"The spread in cost is the principal difference between a stock company and a mutual," Mr. Raihle said. "If that spread narrows or disappears, then the mutual loses its advantages." Therefore, he concluded, emphasis must be placed on selectivity in underwriting and efficient economy in operation. He warned mutuals to be wary of broadening the scope of risk selection for the purpose of penetrating into business now insured in stock companies, since unfavorable underwriting experience may result.

Non-renewals and cancellations play an important part in any race for premiums, he said. To improve on non-renewals, the answer is to resell business already sold, to see the policyholder once in a while. But this is also a weakness, as shown by a survey made by American Home magazine several years ago.

The survey showed that only 26.81% of those replying to a questionnaire had been personally solicited by an agent within six months, and that over 20% had never been called on. With such a record, Mr. Raihle asked, "Is it any wonder that non-renewals and cancellations are high?"

Looking at 1956, Mr. Raihle predicted that premiums written during the year by mutuals will run about \$2,500,000,000, an increase of 6.7% over 1955. There was a general increase in expense ratios, running from 2% to 7%, in 1956. One of the principal items in this increase was the increase in salaries and wages brought about by greater competition for qualified employees.

In 1956, competition increased despite rising loss costs, contracts were broadened, and new package policies developed. Companies writing predominantly fire lines did not fare as well as those writing general casualty coverages, unless the casualty business included a large amount of auto BI cover.

In 1957, Mr. Raihle asserted that competition will be strenuous. While proposals have been made to restrain independent companies, he felt that any plan which would penalize a company having the ingenuity, industry, and intelligent operation to succeed would be unwise. On the other hand, he admitted that unlicensed companies also pose a problem, since they operate outside established rules, and that they enjoy an unfair competitive advantage.

Education is another field where improvement can be made, specifically in the area of "how to do it." Sales personnel must know how to sell as well as what to sell. The employee should be trained in public relations and know how to talk to the public about his knowledge of the mechanics of underwriting, adjustments, etc.

Mr. Raihle stressed the need for

creative thinking in insurance. "In building the future of mutual insurance," he said, "there will be a demand and a price paid for creative thinking. To be a good salesman, underwriter or manager, a man must have the ability to think creatively, constructively and clearly—and he must have ideas. Ideas are a must for success and an essential ingredient of growth and progress."

Raleigh (N. C.) Assn. of Insurance Women will award \$25 bonds to the outstanding girl and boy student school bus drivers in Wake county.

Fire Association Group's Premiums and Assets Rise

Fire Association, Reliance, Eureka Casualty and General Casualty of Wisconsin had consolidated net earnings of \$1,406,306 in 1956, equal to \$1.85 a share against \$3.31 in 1955 on the smaller number of shares outstanding prior to declaration of a 12% stock dividend in 1956.

Premiums written were \$55,918,990,

a record. Loss and loss adjustment expense on an earned basis was 61.89% while incurred expenses to written premiums were 41.46%, creating an underwriting loss of \$1,816,043. The premium reserve decreased by \$148,259.

The investment income was \$3,222,349, up 8.1%. Assets were a record high of \$114,417,687. Policyholders surplus at year end was \$42,255,476.

Tennessee Assn. of Mutual Insurance Agents will hold its annual meeting in Gatlinburg May 18-20.



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NEW YORK 38, N. Y.—99 John Street, Room 2420, Tel. Beekman 3-3958. J. T. Curtin and Clarence W. Hammel, New York Managers.

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PHILADELPHIA 9, PA.—123 S. Broad St. Room 1027, Tel. Pennypacker 5-3706. Robert I. Zoll, Middle Atlantic Manager.

ST. LOUIS 2, MO.—221 Pierce Bldg., Tel. Chestnut 1-1634. Geo. E. Wohlgenuth, Resident Manager.

SAN FRANCISCO 4, CAL.—582 Market St., Tel. Exbrook 2-3054. Richard G. Hamilton, Pacific Coast Manager.

EDITORIAL COMMENT

Executives Read Business Magazines

A selected list of executives of all types were asked by Lydia Strong of American Management Assn. what and how much they read. The survey of 396 executives selected from readers of *Management Review*, where her findings appeared, indicated that the average executive—company presidents and other officers—spend about 4¼ hours a day reading.

While reports and memos constitute the largest share of the reading menu, the survey found that the executives spend one-sixth, or 16½%, of their total reading time on "business magazines."

It is interesting to note, also, that on the average, top executives spend more time reading than "middle managers." For the entire list figuring in this survey, in addition to the business

magazines circulated by his company, the average executive has personal subscriptions to an average of eight. The author comments:

"The executive appears as a result of this survey as 'an intelligent reader, a harassed reader—above all, a constant reader. His tastes, as reflected in his non-business reading, are above average; on and off the job he is seeking for fact, point, and content. All too often he doesn't get it. But the fault often lies pretty close to home. Most of what executives must read originates with other executives—and if executives generally were to make a determined effort to qualify and simplify their own written communications, it seems safe to say that the executive reading problem wouldn't be half the headache it is today.'"

Observations on Traffic Unsafty

With 1956 traffic safety's blackest year, the remarks by Richard O. Bennett, director of the automotive division of National Assn. of Automotive Mutual Insurance Companies, at the annual meeting of Institute for Safer Living, Boston, are salty and pertinent. Here are a few excerpts from those remarks:

"We have so many national traffic safety campaigns that we have to run some concurrently to get them all in. No national problem has received more diagnosis and less curative treatment. Contrary to popular belief, we are spending tremendous sums of money and efforts to achieve traffic safety. Yet our traffic accident situation becomes increasingly worse. Why? What human elements are dissipating the forces behind organized movements to control highway accidents?"

Noting all of the things that are being tried, including high school driver education, which he terms a fine long term investment with a usually small immediate return, he goes on to point out:

"If accidents can be cut in half—or even substantially reduced in number—by strict enforcement of existing laws and ordinances, why do not those responsible for enforcement do it?"

All sorts of excuses are given for the poor job of controlling accidents—too much horsepower, inadequate drivers, poorly designed highways, the public does not give a damn, a few speed demons cause all the trouble, slow drivers are a menace, teenagers and their souped up hot rods are all to blame, etc.

He suggests:

"Perhaps it is time to quit trying to pass the buck to manufacturers of automobiles, to motorists generally, and to the younger generation particularly, and to ask our public officials why they don't enforce traffic laws?" And this means from the governor on down, he suggested.

He concludes that we don't need a lot of things such as short term cam-

paigns "build around the distribution of colorful posters bearing amusing safety rhymes and other such arm-chair whimsies," traffic days and weeks (what we do need is traffic safety years), meaningless proclamations, more committees or more national organizations to coordinate the activities of other organizations, guide books, or self-satisfaction.

"We've got a rip roaring conflagration on our hands," and the only way to cure it is to have the governors and mayors, backed by the entire community in which they live, start a war on highway accidents and keep it going.

PERSONALS

The miserable record on fur thefts in Chicago struck home last week when burglars entered the apartment of Roy Tuchbreiter and stole three of Mrs. Tuchbreiter's mink fur pieces and several pieces of expensive jewelry. Mr. Tuchbreiter is chairman of Continental Casualty and National Fire.

H. Cranston Lawton, supervisor of the Aetna Casualty news bureau at the head office, will serve as publicity chairman for Greater Hartford Community Chest campaign.

Joseph Weintraub, chairman of American Title, has been appointed a director of Miami-Dade Chamber of Commerce. He is also a director of Miami Crime Commission.

Ashby E. Bladen, vice-president of Aetna Fire group at New York, has been elected chairman of New York Board of Trade executive committee. Mr. Bladen is a past president of New York Casualty Managers Assn. and Casualty & Surety Club.

William E. Burch, immediate past president of Washington Assn. of Insurance Agents, will enter the lumber industry in Spokane about April 1. Mr. Burch served on the executive committee of the state association and

was elected president in 1955. He is resigning as treasurer of McGovern-Carroll Co. agency of Spokane.

Bruce Hoblitzel, Louisville agent completing a fourth year term as sheriff of Jefferson county, has accepted the Democratic organization bid to run for mayor of Louisville in the May 28 primary.

DEATHS

JOHN M. BREEN, 54, third vice-president of the Kemper companies and director of the Kemper Mutual Insurance Institute, died following a brief illness. He was a prominent figure in the insurance education field, making many important contributions. He developed Mutual Insurance Institute. In 1954 he was elected president of Insurance Company Education Directors Society. In 1951 Loyola university of Chicago asked him to teach insurance in its evening classes and he remained on its staff until his death.

Mr. Breen joined the Kemper organization in 1929 as an adjuster. He remained in the claim department until 1940, becoming chief branch office claim supervisor. In 1940 he was made director of education for the Kemper companies.

JOHN DeVRIES, 57, proprietor of the DeVries agency of St. Joseph, died at his home after a four months' illness. He had served last year as president of Twin Cities Assn. of Insurance Agents. He had operated his agency since 1926.

TOM C. WYNNE, 54, of Craft & Wynne agency in Holly Springs, Miss., died in North Mississippi hospital there.

ROBERT TAFF, 47, local agent in Rockmart, Ga., died there following an illness of several weeks.

HENRY B. LAMY JR., 72, died at his home in New York after a long illness. From 1921 to 1940 Mr. Lamy was with Pacific Fire. After his retirement in 1940 as vice-president, he continued as a director until 1943. At his death he was a director of Christiania General, and Metropolitan Fire. He was a former president of the Drug & Chemical club.

JAMES J. LYNCH, 58, head of the Lynch agency in New Orleans, died in Touro infirmary there following a lengthy illness. A past president of New Orleans Insurance Exchange, he was with Robert Gottschalk Co. agency in New Orleans for 30 years prior to starting his own firm in 1946.

SELBY E. NELSON, 83, local agent in Springfield, Ill., died.

HERBERT A. PRESTON, 52, state agent in southeastern Wisconsin for Crum & Forster since 1945, died of a heart attack. Mr. Preston graduated from Ohio State university in 1934 and joined Crum & Forster that same year in the Ohio survey office. The next year he was sent to Wisconsin as a clerk, and in 1938 was made special agent in Nebraska. He returned to Wisconsin as special agent in 1939 and was promoted to state agent six years later. He had been active in the Blue

Goose and Wisconsin Fire Underwriters Assn.

CHARLES H. WATKINS, 70, local agent at Boston and former chairman of Excelsior, died in Washington, D. C. He was a member of national historic sites commission, to which he was appointed by President Eisenhower in 1955. He was active in work for Harvard college and received an honorary M.A. in 1949.

Minn. Governor Again Asks Secondary Role for Insurance Dept.

ST. PAUL—Gov. Freeman this week again presented to the Minnesota legislature a state reorganization plan which would abolish the insurance department as a separate office and make it a division of the commerce department. This proposal was included in a bill passed two years but ruled invalid on a legal technicality.

The governor's new reorganization plan would also affect the state fire marshal's office, for many years a branch of the insurance department. In fact, under the present law the insurance commissioner is also state fire marshal. Under the reorganization plan, the fire marshal's activities would be under the attorney general.

Powers Opens Agency in Wash.

Charles S. Powers, fire and marine manager for American Automobile at Seattle, has purchased the Washington State agency of Ossaquah. Mr. Powers started in insurance in 1937 with General of Seattle and joined American Auto in 1953.

Harold Allen, a partner in the New York securities firm of Allen & Co., and a trustee of American Surety, has been named chairman of the executive committee of American Life, a recently organized American Surety affiliate. He also is a director of the life company.

Defunct Midwest Has \$20,000 Left to Pay \$1.1 Million of Claims

The receiver of Midwest of Indianapolis, the charter company that blew up last year, has filed his final report. He shows total general claims amounting to \$1,156,107 and preferred tax claims by the states of Indiana and Missouri amounting to \$39,222. Funds on hand with which to pay all claims amounted to \$20,814.

The receiver, William A. Boyce, says he will be able to pay the preferred tax claims at the rate of 53.068% and there will be no money left with which to pay anything on the \$1.1 million of general claims.

Mr. Boyce goes on to say that circuit court in Dearborn county has rendered a judgment forever outlawing and voiding a special charter of Midwest and the company, as of Dec. 20, is "out of business, defunct and having no further legal status." Mr. Boyce says he will be unable to answer any further inquiries or take any further actions in the name of Midwest Ins. Co.

Midwest, in its latest stages of existence, had some spectacular days, writing sub-standard and surplus line business in a number of states. There came a point at which the company discontinued payment of claims, and action was taken by a policyholder and the Indiana department simultaneously to get action. The receivership resulted, and Midwest turned out to be, Mr. Boyce's report indicates, one of the most bankrupt companies in the history of insurance.

A bill was introduced in the Indiana legislature last week to put the special charter companies under the regulation of the insurance department. It is sponsored jointly by Commissioner Palmer and Indiana Assn. of Insurance Agents. Last year three charter companies, Midwest, Franklin General and Firemens & Mechanics were forced into receivership.

R. G. Morse Retiring from Employers Reinsurance

Rupert G. Morse, home office senior casualty underwriter, vice-president and a member of the executive committee of the board of Employers Reinsurance, is retiring Feb. 22 after 38 years with the company. He and Mrs. Morse will move to La Jolla, Cal., where they have built a new home.

Mr. Morse has the record for continuous executive service with Employers Re. He joined the company in 1919 as a claim examiner after service in the first world war.

Millers National Honors Retiring Directors

Two board members—Arthur A. Krueger and William S. Whitford—of Millers National and Illinois Fire have announced their retirement.

Representing 70 years of service to the companies between them, they were honored by officers and directors at a testimonial dinner at the Union League club. Mr. Whitford, a former president and board chairman, joined the companies in 1938, and Mr. Krueger, also a former president, has been with the companies since 1906.

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STOCKS

By H. W. Cornelius, Bacon, Whipple & Co.
135 S. LaSalle St., Chicago, Feb. 19, 1957

	Bid	Asked
Aetna Casualty	121	124
Aetna Fire	69	71
Aetna Life	169	172
Agricultural	30	31
American Equitable	33	34
American (N.J.)	27	28
American Motorists	10 3/4	11 3/4
American Surety	17 1/4	18 1/4
Boston	33	34 1/2
Camden Fire	27 1/4	28 1/4
Continental Casualty	80	82
Cum & Forster com.	58 1/2	60
Federal	35	36
Fire Association	43 1/2	45
Fireman's Fund	50	51 1/2
Firemen's (N.J.)	35	36
General Reinsurance	46	47 1/2
Glens Falls	33	34
Globe & Republic	17 1/2	18 1/2
Great America Fire	35	36 1/2
Hartford Fire	144	146
Hanover Fire	39	40 1/2
Home (N.Y.)	41 1/4	42 1/4
Ins. Co. of No. America	93	95
Mayland Casualty	34 1/4	35 1/4
Mass. Bonding	30 1/4	31 1/4
National Casualty	63	Bid
National Fire	68	72
National Union	38 1/2	39 1/2
New Amsterdam Cas.	42 3/4	43 3/4
New Hampshire	37 1/2	39
North River	34	35 1/2
Ohio Casualty	23	25
Phoenix Conn.	76 1/2	78
Prov. Wash.	21 1/2	22 1/2
St. Paul F. & M.	50	51 1/2
Security, Conn.	35 1/2	36 1/2
Springfield F. & M.	46	47 1/2
Standard Accident	51 1/2	52 1/2
Tri-States	72 1/2	73 1/2
U. F. & G.	64	65
U. Fire	24 1/2	25 1/2

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400 Agents Attend Annual Rally of Ohio Farmers

The annual meeting of Ohio Farmers was held in LeRoy last week with about 400 agents attending. Out of town company officials and general agents on hand included George S. Valentine, vice-president and manager, and Vance Hines, assistant vice-president and assistant manager of the eastern department at Philadelphia; Dana L. Jones, vice-president and manager, and William Kunstman, assistant vice-president and assistant manager of the Pacific coast department at Los Angeles; Beau Selman, president of Selman & Co. general agents of Tulsa; Robert Quin, president, and D. Lee Wicker, vice-president of Hurt & Quin general agents

at Atlanta; James B. Hill, president, and W. E. Seely and C. C. Griffith of the J. B. Hill & Co. general agency of St. Louis.

The annual school of insurance, under the direction of D. P. Ely, production manager of Ohio Farmers, was held the first morning.

On Wednesday, the annual meeting of Ohio Farmers was held, beginning with words of welcome by J. C. Hiestand, president. The financial and underwriting statements of the two Ohio Farmers companies were read by A. C. England, corporate secretary.

Surplus of the Ohio Farmers as of Dec. 31, was \$11,156,480, including a voluntary general reserve of \$3,365,237. Assets were \$26,028,309.15.

The combined capital and surplus of the Ohio Farmers Indemnity was \$5,552,130. Assets were reported as \$21,544,108.

The annual meeting of Ohio Farmers Agents' Assn. was held that afternoon, presided over by E. C. McCormick of

Akron, president. C. D. Palmer, Columbus, secretary, read the minutes of the previous meeting.

J. R. Hamilton, secretary of the companies, discussed insurance to value, and Paul Belcher, vice-president of First National Bank of Akron, spoke on "The Economic Outlook." Webb T. Vorys, director of the company and attorney of Columbus, awarded the Ivy trophy to the agents of the northeastern Ohio district for the best record of 1956. James Work, state agent for northeastern Ohio, accepted the award for his district. The agents' association elected: President, Harold Roos, Wauseon, O., vice-president, Lawrence Johnson, Circleville, O.; secretary-treasurer, C. D. Palmer, Columbus.

John A. Weber, director and attorney of Medina, O., was toastmaster at the banquet.

Charles E. Curtis, vice-president and general counsel, presented statuettes of "The Old Man on the Fence" for 25 years representation of Ohio Farmers to Frank Bond, Bloomington, Ill.; E. M. D. Bracker, Galesburg, Ill.; Frank Copley, Sandusky; F. J. Cronk, Lakewood, O.; Frank N. Gray, McConnelville, O.; Franklin Murphy, Athens, O.; L. M. O'Bannon, Paris, Ill., and F. W. Schumacher, Woodsfield, O.

Employers' Group Promotes Howells

Employers' group has appointed Daniel W. Howells assistant regional superintendent of the New England agency department.

Formerly executive assistant in the department, he has been with the group since 1941, and has served in the home office, the New England agency department and as an underwriter and special agent in New England.

Rocky Mountain Surety Managers Elect Miller

Rocky Mountain Surety Managers Assn. has elected John A. Miller, Aetna Casualty, president, William F. Clifford, Maryland Casualty, vice-president, and James A. Evers, Fidelity & Deposit, secretary-treasurer. Donald L. Bowen, Hartford Accident; Andrew J. Luck, Fidelity & Casualty, and Joseph J. Geraghty, New Amsterdam Casualty, were named to the executive committee.

Record Premiums for Standard Accident, but Profit Declines

President L. K. Kirk of Standard Accident and Planet reported to stockholders that 1956 was a year of progress, with net premium volume up \$6,157,000 or 10.4% to \$65,096,000. Pilot, the Canadian affiliate, wrote net premiums of \$3,111,000, up 4.6%.

Policyholders surplus increased \$689,000 to \$33,874,000 at Dec. 31, during a year of unprofitable underwriting experience. The underwriting loss in 1956 was \$2,654,000, about half of which was due to the increase in premium volume and the consequent rise of \$3,376,000 in the unearned premium reserve.

The indicated underwriting loss of approximately \$1,300,000 or 2.1% compares unfavorably with an indicated profit of 2.3% in 1955, Mr. Kirk noted. This shift was due almost entirely to a rise in loss ratio in the automobile lines. Investment earnings increased \$174,000 or 7.8% to \$2,393,000, thus offsetting the bulk of the loss from underwriting. Unrealized appreciation of \$439,000 on securities owned plus a gain from Pilot of \$201,000 contributed to the rise in surplus.

Consolidated assets increased \$5,781,000 to a new high of \$119,664,000. Total invested assets and cash increased \$3,775,000 to \$105,518,000.

Indicated earnings of \$2 per share in 1956, exclusive of an anticipated tax recovery approximating \$1.50 per share, resulted from an increase of \$2.56 per share in the equity in the unearned premium reserve. The underwriting loss more than offset a new high in investment earnings of \$4.86 per share.

New York State Agents Ask Farm Rate Revision

New York State Assn. of Insurance Agents is asking that a complete study and revision of farm fire rules and rates be made. There has been very little change during the past 25 years.

The association board approved recommendations by its fire committee asking that a separate farm dwelling rate be eliminated; the rate be based only on the type of protection, B, C, or D; the present system of three county classifications be abolished, and homeowners cover be made available for better class farms.

The committee, which is studying other farm rules and forms for possible change, believes the trend in farm rating should be away from the system of charges and credits in view of the very definite trend toward packaging coverage.

Hartford A.&I. Names W. L. Read at Buffalo

Hartford Accident has appointed W. Lawrence Read assistant superintendent of casualty in Buffalo. He will supervise underwriting in eight western New York counties. Formerly a supervising underwriter, he joined the company as an underwriter in the Buffalo liability department in 1951.

George C. Newell Co. of Seattle has purchased the Washington business of Cascade General Agents and has merged the operation with the Newell organization, it was announced this week. Motor Vehicle Casualty and Balboa, as well as the surplus lines connections of Cascade, have been added to the facilities of George C. Newell Co.

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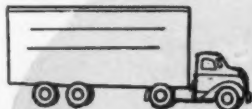
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Employers Re Has Good Year in 1956

KANSAS CITY—Stockholders of Employers Reinsurance were advised at the annual meeting here that operating results for 1956 "were very good" and brought policyholders surplus to a record high of \$17,406,539, more than \$10 million above the low point of Dec. 31, 1951.

Frank Proper, president, said underwriting profits were not as favorable as a year ago, but investment earnings were larger although net unrealized capital gains on securities was considerably less than in 1955.

The casualty reinsurance lines had substantial profits in A&S, fidelity, surety, miscellaneous liability, workmen's compensation and credit. Auto liability continued to show an increase in claims, both as to frequency and severity. Nevertheless, a profit was realized on the line. Primary rate increases, which are being promulgated for various territories, together with reinsurance rate increases, will restore auto liability to a more favorable basis within a reasonable time, Mr. Proper told stockholders.

There was a small underwriting loss on fire and allied line reinsurance.

Premiums earned in 1956 totaled \$21,999,560 compared with \$18,798,492 in 1955. The ratio of losses incurred to premiums earned was 44.2% compared with 36.9%.

The net underwriting gain was \$1,574,164, against \$1,852,651 in 1955. Investment earnings, dividends and interest income, totaled \$1,363,284, up from \$1,236,416. The realized capital gains on securities sold totaled \$372, compared with \$141,022.

Employers Re had net earnings, after taxes, of \$1,752,426, equal to \$2.92 a share on the outstanding 600,000 shares. In 1955, the net was \$1,991,847, or \$3.98 a share on the then outstanding 500,000 shares, after adjustment for the 2-for-1 stock split in 1956.

The company paid cash dividends of \$700,000, against \$575,000; stock dividends in both years totaled \$500,000. Directors voted the usual quarterly dividend of 25 cents a share and an extra of 25 cents, both payable Feb. 25 to holders of record Feb. 15.

Net additions to surplus in 1956 amounted to \$888,914, compared with \$2,059,672 a year earlier.

The Dec. 31 balance sheet showed assets rose from \$61,313,892 to \$64,322,365. The unearned premium reserve totaled \$12,202,801 and the loss reserve \$28,919,020.

Wolverine Assets at New High in 1956

Wolverine of Battle Creek had an increase in assets of \$2,044,000 in 1956 to a new high of \$18,880,000. The gross premium income increased \$1 million to \$15,596,000.

Underwriting profits have dropped, but underwriting and investment income for 1956 resulted in an increase in surplus of \$281,000 after payment of taxes, dividends and other surplus adjustments.

Wolverine had its first full year in the fire and marine field in 1956, with direct premiums of \$687,000.

At the annual meeting, the directors announced seven promotions, they being:

Jack Reynolds as assistant vice-president in the bonding department; William E. Hunt assistant vice-presi-

dent, underwriting; A. M. Shaver assistant vice-president, public relations and A&S sales; Norman N. Harris assistant vice-president, claims; James P. Kilburn assistant general counsel; William McCampbell assistant secretary and treasurer, and James Wilson, actuary.

N. Y. Mutual Casualty Insurers Reelect Stone

Assn. of New York State Mutual Casualty Companies has reelected George J. Stone, Utilities Mutual, president; Edwin A. Cook, Interboro Mutual Indemnity, vice-president; Michael J. Murphy general manager and Emma C. Mayerink secretary-treasurer.

Companies elected to the governing committee were Cosmopolitan Mutual, Jamestown Mutual and Utica Mutual.

National Mutual Promotes Smith

National Mutual of District of Columbia has appointed Jerome N. Smith treasurer. He joined National Mutual in 1945 and has been assistant secretary. He is a past president and charter member of West Virginia 1752 Club.

Pa. Church Burns with \$366,800 Loss to Insurers on Risk

Fire destroyed First Methodist Church of Kingston, Pa., with an insurance loss of \$366,800—\$341,800 on the building, which was covered for 80% of value, and \$25,000 on contents. Coverage was in Springfield F&M, Home, Northern Assurance, Queen, Underwriters, Camden Fire, Royal, North America, Pennsylvania Fire, and Philadelphia Contributorship. The church organ was insured in Aetna Casualty.

Adds Two Resident Adjusters

Continental Casualty has established resident adjuster operations in Nashville and Knoxville under the supervision of the Atlanta claim department. Chester E. Zubler, formerly claim adjuster at Pittsburgh, has been transferred to Knoxville.

Godchaux & Mayer general agency of New Orleans have been made general agents in Louisiana and Mississippi for American Universal of Providence.

NAIA Hires N. Y. Advertising Agency to Plan Ad Proposal

National Assn. of Insurance Agents has retained Doremus & Co., New York advertising agency, to formulate a national advertising and public relations campaign to stress the advantages of buying fire and casualty insurance through independent agents.

The NAIA advertising committee headed by Alan H. Miller of Hackensack, N.J., is preparing a proposal to present to National Board of State Directors for their action in Denver April 28-May 1.

Philadelphia Casualty & Surety Managers Elect

Casualty & Surety Managers Assn. of Philadelphia has elected John G. Harkins, vice-president of U. S. Casualty, president; W. Wallace Moorehead, vice-president of New Amsterdam Casualty and James F. Lewis, Fidelity & Casualty manager, vice-presidents, and Paul W. Davis, Great American Indemnity manager, secretary-treasurer.

SECURITY * STRENGTH * SERVICE

UNITED STATES RESOURCES AS OF DECEMBER 31, 1956

Year Estab- lished		ASSETS			LIABILITIES	CAPITAL	SURPLUS TO POLICYHOLDERS (Includes Capital)	
		Securities Deposited as Required by Law	Other Admitted Assets	Total Admitted Assets			Annual Statement Basis	Market Value Basis
1896	American and Foreign Insurance Co.	\$ 421,000	\$ 25,171,689	\$ 25,592,689	\$ 15,272,596	\$ 1,500,000	\$ 10,320,093	\$ 8,798,238
1863	*The British and Foreign Marine Insurance Co. Ltd.	1,000,000	15,315,811	16,315,811	9,643,766	* 500,000	6,672,045	5,679,720
1911	Globe Indemnity Company	1,094,310	78,458,408	79,552,718	45,799,717	2,500,000	33,753,001	29,480,282
1836	*The Liverpool and London and Globe Ins. Co. Ltd.	1,266,199	54,862,387	56,128,586	33,805,705	* 500,000	22,322,881	18,752,533
1811	Newark Insurance Company	782,000	32,270,825	33,052,825	20,016,449	2,000,000	13,036,376	11,220,760
1891	Queen Insurance Company of America	800,151	82,752,161	83,552,312	50,529,213	5,000,000	33,023,099	27,789,659
1910	Royal Indemnity Company	1,138,911	88,905,820	90,044,731	53,751,632	2,500,000	36,293,099	31,527,097
1845	*Royal Insurance Company, Ltd.	1,219,321	63,390,680	64,610,001	40,508,301	* 500,000	24,101,700	20,721,007
1896	Star Insurance Company of America	421,000	27,507,919	27,928,919	16,747,415	1,000,000	11,181,504	9,484,586
1860	*Thames and Mersey Marine Insurance Co., Ltd.	1,000,000	9,047,057	10,047,057	5,837,559	* 500,000	4,209,498	3,648,042
1832	Virginia Fire and Marine Insurance Company	421,000	9,612,362	10,033,362	5,902,199	1,000,000	4,131,163	3,588,756
† Group Total-Consolidated		\$9,563,892	\$484,561,917	\$494,125,809	\$297,814,552	\$16,500,000	\$196,311,257	\$167,957,478

†Consolidated Group total eliminates ownership of Virginia Fire and Marine Insurance Company stock by Globe Indemnity Company.

* United States Branch. The amount shown under "Capital" is the statutory deposit required to transact business in the U. S. A.

CASUALTY—SURETY—FIRE—MARINE

ROYAL-GLOBE INSURANCE GROUP

ONE HUNDRED FIFTY WILLIAM STREET, NEW YORK 38, N. Y.

Receivership Ordered for ICT of Dallas

(CONTINUED FROM PAGE 1)

investment—or a larger one—if the stockholders themselves will raise the additional \$750,000 without the participation of another company . . . If enough stockholders respond by sending in their \$1 per share, thus indicating their desire to save the company, then there is an excellent chance of completing the negotiations satisfactorily."

At the time the stockholder contribution plan was first mentioned as one method for salvaging the company, Mr. Cage frankly said that he had "little hope" of its success. However, with contributions cut by the revised deal to one-half of the needed \$1,500,000, Mr. Cage and E. A. McSpadden, secretary-treasurer, concentrated on a drive to get the funds of commitments before the deadline of the show-cause hearings in Austin Feb. 19.

In the meantime the ICT developments were specifically cited in a resolution introduced in the Texas house Feb. 14, by Rep. Robert K. Sutton Jr., Dallas, calling for a full investigation of the Texas board of insurance commissioners. The resolution included a proposal to probe the "affairs of the ICT Ins. Co., its financial condition since the date of its organization and especially since September, 1955, and its relations with and to the Texas board of insurance commissioners."

It also was announced last week that the Louisiana department has obtained a restraining order freezing the ICT's deposit of \$20,000 in bonds purely as a "conservatory measure" to protect claimants in that state.

Comments on the "inefficiency" of the Texas board of commissioners following the issuance of a show cause hearing on ICT of Dallas has brought forth a statement from the board, signed by Chairman John Osorio.

The board lists the sequence of events leading up to the call for a hearing, noting that ICT was relicensed during the gigantic Texas relicensing program last spring because it was in process of examination and had submitted a sworn annual statement evidencing solvency as of Dec. 31, 1955. The statement goes on to note that the examination report showing solvency was received by the board April 10, 1956, but as a result of past loss experience ICT was asked to render a balance sheet as of July 31, and the board took exception to the showing of assets and called for a schedule of investments. When this failed to materialize the department asked for an association examination as of Sept. 30, 1956, and this was completed and received by the board Feb. 5, 1957, showing insolvency, and the board took action Feb. 7.

Mr. Osorio, in a letter to Gov. Daniel, explains that ICT reached its present condition "primarily because of concealed and possibly illegal transactions with out-of-state companies with mutual prior management, the loss of income from its stock sales, its underwriting loss, and unwise investments. The company was recklessly and improvidently organized and managed with a total disregard for sound underwriting and financial principles. It was organized in 1950, prior to the passage of the corrective insurance laws passed by the 54th legislature. Had these laws been in

effect at the time this company was chartered, it would not have been able to pyramid itself in such a phenomenal manner by stock sales."

The commissioners go on to point out the board does not have authority to issue a show cause order concerning its solvency without a completed examination report, and suggest that any time the management of an insurer knows it is not financially sound, the president or secretary of the company should be required to notify the department. Failure to do so would result in a penalty, and this would place the burden on management to make such a disclosure immediately. Mr. Osorio goes on to say that "fraud by its very nature is a concealed operation and cannot be discovered immediately upon its happening . . . the only possible thing that can be done, therefore, is to deter it by strong criminal prosecution."

ICT was organized by Ben Jack Cage. He resigned control last year and the company has since been headed by his cousin, James Cage.

450 Welcome Palmer as Ind. Commissioner

(CONTINUED FROM PAGE 1)

instrumental in founding the Purdue life insurance marketing schools, and three neighboring insurance commissioners—Joseph S. Berber of Illinois, C. P. Thurman of Kentucky, and Joseph Navarre of Michigan. Mr. Navarre, who is also vice-president of National Assn. of Insurance Commissioners, continued the theme of pleading for more adequate funds for the department in his speech. Calling the department the "orphan child of Indiana government," he urged the audience to make itself heard in its demands for a better-financed department.

Harry E. McClain, executive secretary of Indiana Assn. of Insurance Agents and a former Indiana commissioner, represented the fire-casualty business in bringing greetings to the commissioner and pledged cooperation with him. Lester O. Schriver, managing director of NALU, expressed similar greetings from the Life end of the business.

Before introducing Mr. Palmer, Mr. Patterson showed a pile of over 300 telegrams from 42 states and two Canadian provinces which brought greetings and congratulations to the new commissioner. Mr. Palmer, who has a flair for Hoosier homespun type humor, not only made a hit with his ready wit, but deeply impressed his audience with his plea for an adequate budget and with the earnestness with which he is tackling the job. He introduced several members of the department who were present.

Meistrell Names Deputy Counsel

WASHINGTON—Walton C. Ament, former vice-president and general manager of Warner-Pathe News, has been appointed deputy commissioner of Flood Indemnity Administration by Commissioner Meistrell. Henry Depping, Kansas City attorney, was named administration counsel.

Claim Men Hear Pathologist

San Antonio Claim Men's Assn. at the February meeting heard Dr. Robert Hausman, county pathologist, discuss the work of the pathologist as related to legal matters. He stated that the pathologist and the claim

man have a common ground in determining conditions which are found to have existed in a death.

Auto Rate Increases Have Tough Sledding in Okla.

Oklahoma insurance board has rejected the proposed rate increase of the National Automobile Underwriters Assn. The companies asked for a boost of 25.8% on private passenger automobiles, but the change would have been 5.32% over-all, including commercial and private.

The board secretary, L. V. Woodruff, said the decision was unanimous, principally because of the trend factor, which he said "has the effect of attempting to forecast future experience as to losses on the rising cost of living." The board has consistently refused to consider trend factors.

The Oklahoma house has passed a joint resolution asking the insurance board to suspend the rate increase granted on liability insurance last December. It carried 116 to 1. If adopted, the resolution would have the effect of law.

Oppose Premium Tax Hike in Washington

Representatives of domestic insurers voiced the main objections to the proposed Washington premium tax increase in a hearing at Olympia before the combined house committees on insurance and revenue and taxation.

The main argument against the legislation, which would increase the premium tax from two to four percent on foreign insurers and from one to two percent on domestic insurers, was the effect of retaliatory tax measures in other states aimed at Washington companies. Twenty domestic companies submitted figures indicating the financial effect such measures would have on their operations.

Commissioner Sullivan appeared in opposition to the bill, as well as Gordon Sweany, general counsel of General of Seattle; T. C. Sterne, vice-president of United Pacific; Robert D. Williams, Seattle attorney; C. H. Leber, president of National Public Service, and Bernard J. Lenoue, Seattle manager of Business Men's Assurance.

It was indicated the committee would hold the measure for further study.

To Honor Cincinnati Fire Chief

Cincinnati Underwriters Assn. is one of five organizations planning a testimonial dinner honoring Cincinnati Fire Chief Barney J. Houston. Mr. Houston, who has been with the Cincinnati department 50 years, 41 as chief, is retiring April 1.

The dinner is scheduled for March 28 and has created so much interest that the planners anticipate having to turn people away. J. F. Schweer, secretary of the Cincinnati board, is handling its end of the planning.

Board of Underwriters (Marine) of New York has appointed Frank A. Hanley to replace C. H. Fincke as Philadelphia correspondent. He maintains a private surveying practice in the Bourse building there.

Underwriters Agency Inc. of Chicago has been appointed general agents of Imperial Casualty & Indemnity of Omaha. Imperial C.&I. features a merit rating plan on auto.

Clifford G. Cornwell, chairman, manager and underwriter of American Hull Insurance Syndicates, and president of U. S. Salvage Assn., has been elected an honorary member of American Institute of Marine Underwriters and of Board of Underwriters (Marine) of New York.

An auto compulsory bill requiring 5/10/5 has been introduced in Georgia

Holz Adds Actuary, Unlicensed Insurer Bills to N. Y. Slate

Bills which would amend the law to allow Canadian citizens to be actuaries in the New York department and prohibit offering coverages in an unlicensed insurer in connection with sales promotion or lending, have been added to the program of insurance legislation Superintendent Holz is asking for in Albany.

On account of the limited number of persons who train to become actuaries, and the ability of insurers to offer greater inducements in making appointments, the superintendent proposes amending the law to provide that whenever an emergency exists in the department, with civil service commission approval, he may waive the existing citizenship requirement for applicants in competitive examinations for actuarial positions in the department.

There has been an increase in New York of transactions involving unlicensed insurers whose coverage is offered in connection with the purchase of products, investments and loans. The superintendent feels that provisions of the existing law protecting the public against loss due to dealing with an unlicensed insurer should equally apply to a purchaser or a borrower where insurance is one of the inducements in entering into such transactions. Such insurance has included cover of the product against fire or theft, of the purchaser against loss due to injury from the use of the product, or of the borrower's life.

J. L. Scharringhausen Promoted

Richard Traster has resigned as president of the United Mutual of Fort Wayne, Ind., on the advice of his physician. J. R. Scharringhausen, head of the underwriting department for more than a year, has been named executive vice-president and is acting head of the company.

Standard Accident Raises Dividend

The quarterly dividend of Standard Accident has been increased to 50 cents per share, payable March 5 to stockholders of record Feb. 21. The quarterly rate for the last three years has been 45 cents.

Mutual Agents Oppose Compulsory

The newly-formed New Hampshire Mutual Insurance Agents Assn. has voted to present to the legislature a resolution opposing compulsory or unsatisfied judgment fund, and favoring the strengthening of financial responsibility laws.

Kearns agency in Bluefield, W. Va., has purchased Western Pennsylvania Associates agency in Pittsburgh. Francis B. Lynch of Bluefield, Kearns representative in West Virginia and Kentucky, has been appointed to manage the acquisition.

Thomas O. Morris Jr., former special agent in charge and chief underwriter of General Accident group at New Orleans, has joined the Wellborn local agency there.

J. H. Colbert, local agent of Tonasket, Wash., has purchased the Vernon J. Allen agency of that city.

DEATHS

HARRY G. JOHNSON, age 55, president of Eliel & Loeb agency of Chicago for the past several years, died. He had been with that company for nearly 40 years.

Companies Report on 1956 Results

Surplus in the following company reports refers to surplus to policyholders.

Affiliated FM—Assets, \$15,382,576, decr., \$4,021,598; loss res., \$987,117; unearned prem., \$7,277,511; capital, \$750,000; surplus, \$3,933,973, inc., \$201,257.

	Premiums Earned	Losses Incurred
Fire	523,853	274,265
Extended coverage	431,560	437,288
Other allied lines	8,207	54,832
Commercial mult. peril	7,954	
Earthquake	35,245	
Inland marine	1,007	
Total	5,491,642	3,000,206

American Aviation & General—Assets, \$16,650,220, inc., \$1,232,630; loss res., \$3,840,798; unearned prem., \$5,525,296; capital, \$1,500,000; surplus, \$6,476,541, inc., \$602,799.

Fire	523,853	274,265
Extended coverage	276,001	93,192
Other allied lines	2,366	636
Homeowners mult. peril	36,616	16,773
Commercial mult. peril	1,112	6
Earthquake	748	
Hall (growing crops)	17,424	16,090
Ocean marine	6,343	2,639
Inland marine	143,828	85,960
Accident	210,746	65,472
A&S	150,841	63,166
Hospital & medical	549,852	187,515
Group A&S	1,348,272	953,675
Workmen's comp.	956,584	570,662
Liability (not auto)	766,657	248,195
Auto liability (BI)	1,936,765	1,134,380
Auto PDL	1,141,607	627,631
Auto phys. dam.	1,062,793	565,049
PDL (not auto)	150,804	53,418
Aircraft PHD	74	
Fidelity	73,479	29,910
Surety	236,122	47,917
Glass	91,947	40,034
Burglary, theft	201,379	88,327
Excess loss reins.	3,309	
Total	9,889,522	5,165,218

American Casualty—Assets, \$66,757,892, inc., \$5,218,640; loss res., \$12,162,527; unearned prem., \$17,496,777; capital, \$2,000,000; surplus, \$18,847,814, inc., \$2,063,614.

Fire	1,658,870	868,505
Extended coverage	874,002	295,109
Other allied lines	7,484	2,014
Homeowners mult. peril	115,982	53,121
Commercial mult. peril	3,523	19
Earthquake	2,370	—3
Hall (growing crops)	53,175	50,952
Ocean marine	20,086	8,358
Inland marine	455,455	272,206
Accident	667,361	207,328
A&S	477,664	200,022
Hospital & medical	1,741,197	593,796
Group A&S	4,269,527	3,019,972
Workmen's comp.	3,029,181	1,808,059
Liability (not auto)	2,427,746	785,950
Auto liability (BI)	6,133,080	3,892,202
Auto PDL	3,615,088	1,987,499
Auto phys. dam.	3,365,512	1,789,323
Aircraft PHD	235	—1
PDL (not auto)	477,545	169,157
Fidelity	232,683	94,715
Surety	747,718	151,739
Glass	291,165	126,775
Burglary, theft	637,762	279,703
Excess loss reins.	10,479	
Total	31,316,820	16,356,524

American Hardware Mutual—Assets, \$33,790,864, inc., \$688,968; loss res., \$6,016,683; unearned prem., \$17,939,767; surplus, \$5,883,706, decr., \$859,805.

Fire	7,269,442	2,816,411
Extended coverage	1,784,259	751,110
Other allied lines	12,667	3,553
Homeowners mult. peril	320,782	152,555
Commercial mult. peril	415,228	68,336
Earthquake	7,663	16
Inland marine	329,017	178,977
Hosp. & Med. (individual)	6,577	3,988
Group A&S	1,065,895	827,441
Workmen's comp.	1,521,680	869,330
Liability (not auto)	1,031,779	213,299
Auto liability (BI)	5,244,085	2,542,143
Auto PDL	2,557,102	1,321,143
Auto phys. dam.	3,348,891	1,620,146
PDL (not auto)	189,843	53,981
Glass	201,662	112,213
Burglary, theft	254,596	127,101
Excess of loss	94,067	44,130
Total	25,655,235	11,708,878

American Steamship Owners Mutual Protection & Indemnity—Assets, \$13,964,008, inc., \$7,102; loss res., \$9,452,772; surplus, \$3,047,430, inc., \$781,869.

Ocean marine	4,243,859	2,790,320
Total	4,243,859	2,790,320
Atlantic of Dallas—Assets, \$8,945,736, decr., \$360,634; loss res., \$538,931; unearned prem., \$2,110,121; capital, \$1,000,000; surplus, \$6,155,518, decr., \$412,444.		
Fire	463,010	221,481
Extended coverage	304,498	73,442
Other allied lines	621	
Earthquake	830	
Hall (growing crops)	52,224	41,787
Inland marine	52,214	31,991
Workmen's comp.	23,446	38,181
Liability (not auto)	13,517	940
Auto liability (BI)	504,503	303,819
Auto PDL	320,308	157,487
Auto phys. dam.	423,994	228,254
PDL (not auto)	1,910	582
Surety	349	
Glass	8,368	3,328
Burglary theft	7,421	1,185
Total	2,176,920	1,102,481

Buckeye Union Casualty—Assets, \$32,566,337, inc., \$2,548,504; loss res., \$8,275,461; unearned prem., \$10,190,291; capital, \$1,000,000; surplus, \$11,920,442, inc., \$1,430,317.

Accident—Auto	1,050,778	547,781
Liability (not auto)	1,690,986	741,458

	Premiums Earned	Losses Incurred	Premiums Earned	Losses Incurred
Fidelity	39,900	22,737	6,194,882	3,078,257
Surety	143,772	139,627	3,815,988	1,928,439
Glass	1,770	1,018	4,936,410	2,737,017
Burglary, theft	9,215	1,898	462,188	189,786
Boiler, machinery	23		81,611	17,344
Total	17,047,172	9,020,084	545,712	221,193
Country Mutual Fire—Assets, \$25,568,252, inc., \$2,032,157; loss res., \$266,167; unearned prem., \$13,101,136; surplus, \$8,946,592, inc., \$853,706.			122,862	61,952
Fire	3,336,699	1,338,762	118,623	53,725
Extended coverage	1,680,614	702,597	999	1,872
Other allied lines	176,684	72,767	26,776,419	12,710,193
Hall (growing crops)	4,588,478	3,168,793		
AEC-AP and others	19,305	6,955		
Total	9,901,780	5,289,874		
Detroit Automobile Inter-Insurance Exchange—Assets, \$54,752,369, inc., \$2,216,865; loss res., \$10,446,234; unearned prem., \$16,740,582; surplus, \$21,890,425, inc., \$1,644,270.				
Auto liability (BI)	7,121,199	3,996,488		
Auto PDL	6,315,122	4,552,636		
Auto phys. dam.	18,075,850	9,129,943		
Medical payments	2,112,262	847,657		
Total	33,624,433	18,526,624		
Employers Mutual Casualty, Des Moines—Assets, \$41,908,448, inc., \$2,227,437; loss res., \$12,285,284; unearned prem., \$12,027,998; surplus, \$12,642,214, inc., \$1,462,509.				
Fire	750,229	341,802		
Extended coverage	286,934	174,411		
Other allied lines	11,404	14,051		
Commercial mult.-peril	269	7		
Earthquake	339	—68		
Inland marine	37,754	17,830		
Accident	228,792	117,899		
Hospital & medical	513,324	91,627		
Workmen's comp.	6,777,013	3,145,226		
Liability (not auto)	1,630,697	382,524		
Total				
Federated Mutual Implement & Hdwe.—Assets, \$30,625,082, inc., \$135,699; loss res., \$5,823,546; unearned prem., \$15,789,854; surplus, \$5,609,480, decr., \$587,290.				
Fire	8,305,185	3,109,817		
Extended coverage	1,946,524	1,052,403		
Other allied lines	15,725	3,518		
Homeowners mult. peril	662,072	250,521		
Coml. mult. peril	7,074	2,447		
Earthquake	6,138			
Inland marine	1,190,615	593,247		
Personal property floater	146,360	86,659		
A&S (individual)	6,234	3,281		
Group A&S	3,122,744	2,446,872		
Workmen's comp.	2,220,761	1,323,876		
Liability (not auto)	485,387	129,763		
Auto liability (BI)	3,126,266	1,904,332		
Auto PDL	1,889,103	1,025,630		
Auto phys. dam.	2,982,516	1,340,444		
Aircraft PHD	1,841	1,133		
PDL (not auto)	145,890	86,134		
Glass	116,568	71,090		
Burglary, theft	108,485	54,478		
Excess reins.	67,153	176,800		
Total	26,552,198	13,662,454		
Grain Dealers Mutual, Indianapolis—Assets, \$26,516,201, inc., \$1,158,246; loss res., \$2,269,372; unearned prem., \$13,038,018; surplus, \$9,912,043, inc., \$375,028.				
Fire	8,641,538	3,681,262		

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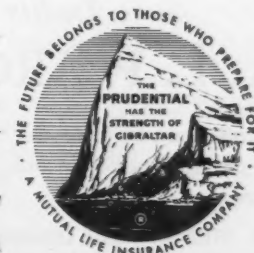
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Ocean marine	*****00000000000000000000	396,336	293,900
Inland marine	*****00000000000000000000	635,050	313,500

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	Premiums Earned	Losses Incurred
Comprehensive dwelling	46,533	17,765
Liability (not auto)	1,742	857
Auto phys. dam.	3,209,930	1,689,213
Glass	2,752	1,716
Burglary, theft	1,036	22
Total	15,073,305	7,181,766

Northwestern National Casualty—Assets.		
\$15,704,765, incr., \$309,501; loss res., \$4,810,445; unearned prem., \$4,050,413; capital, \$1,000,000; surplus, \$5,781,495, incr., \$837,225.		
Liability (not auto)	564,869	121,647
Auto liability (BI)	4,352,873	2,126,146
Auto PDL	2,286,844	1,039,415
Auto phys. dam.	143,977	74,568
PDL (not auto)	37,688	9,928
Glass	110,838	46,977
Burglary, theft	147,374	55,475
Total	7,644,463	3,474,277

Pennsylvania Threshermen & Farmers' Mutual Casualty—Assets.		
\$32,210,428, incr., \$1,014,426; loss res., \$10,075,874; unearned prem., \$8,924,090; surplus, \$10,019,997, decr., \$818,231.		
Inland marine	36,557	9,234
Accident	20,431	2,485
Workmen's comp.	5,408,310	3,726,471
Liability (not auto)	648,185	437,000
Auto liability (BI)	5,981,417	3,511,396
Auto PDL	3,893,053	1,007,500
Auto phys. dam.	2,713,720	236,040
PDL (not auto)	281,469	63,300
Glass	16,301	200
Burglary, theft	21,580	144
Excess loss reinsurance	25,207	69,034
Total	19,046,230	9,062,825

Protection Mutual—Assets.		
\$21,103,242, incr., \$706,192; loss res., \$498,758; unearned prem., \$9,544,855; surplus, \$10,741,163, incr., \$912,143.		
Fire	5,913,334	1,316,832
Total	5,913,334	1,316,832

St. Paul Mercury (formerly Mercury)—Assets.		
\$32,213,664, incr., \$5,570,886; loss res., \$6,121,859; unearned prem., \$10,476,509; capital, \$5,000,000; surplus, \$14,211,056, incr., \$2,211,173.		
Fire	3,011,483	1,517,677
Extended coverage	1,076,358	551,769
Other allied lines	48,935	23,233
Homeowner mult. peril	195,134	137,225
Commercial mult. peril	81,745	25,681
Earthquake	9,923	—232
Hail (growing crops)	217,790	207,511
Ocean marine	568,899	401,560
Inland marine	1,475,491	740,916
Accident only (ind.)	47,968	19,372
A&S (ind.)	767	4
Hospital & med. (ind.)	124,722	23,251
Group A&S	167,001	126,213
Workmen's comp.	941,792	568,359
Liability (not auto)	1,255,461	409,909
Auto liability (BI)	1,780,502	980,636
Auto PDL	966,342	481,150
Auto phys. dam.	1,925,065	1,092,759
Aircraft PHD	37,949	22,781
PDL (not auto)	235,795	120,584
Fidelity	140,071	43,552
Surety	370,415	66,292
Glass	75,984	35,515
Burglary, theft	192,633	75,907
Credit insurance	1,180	—
Total	14,949,405	7,671,624

Security Mutual Casualty, Chicago—Assets.		
\$38,838,577, incr., \$2,130,073; res., \$17,788,480; unearned prem., \$5,484,159; surplus, \$9,359,458, incr., \$462,201.		
Fire	445,971	148,209
Extended coverage	57,594	10,394
Other allied lines	251	35
Homeowners	5,692	2,513
Inland marine	24,018	5,043
Accident	3,228	414
Group A&S	7,100,410	6,879,831
Workmen's comp.	4,404,261	2,371,931
Liability (not auto)	448,415	610,454
Auto liability (BI)	3,437,051	2,809,592
Auto PDL	846,831	283,526
Auto phys. dam.	745,239	333,448
PDL (not auto)	127,162	—2,576
Fidelity	219,197	38,973
Surety	60,403	32,618
Glass	1,123	597
Burglary, theft	27,638	6,787
Boiler, machinery	629,267	354,105
Credit	98,432	28,333
Total	18,682,191	13,914,235

Selected Risks Indemnity—Assets.		
\$12,030,353, incr., \$446,321; loss res., \$4,108,025; unearned prem., \$4,046,986; capital, \$1,000,000; surplus, \$3,187,452, decr., \$257,370.		
Fire	20,137	16,230
Extended coverage	7,859	4,642
Homeowners	3,915	391
Workmen's comp.	1,114,826	532,588
Liability (not auto)	270,117	75,009
Auto liability (BI)	3,451,176	2,128,205
Auto PDL	2,130,315	1,288,775
Auto phys. dam.	1,301,002	687,193
PDL (not auto)	75,394	17,450
Glass	535	470
Burglary, theft	962	301
Total	8,376,228	4,751,254

Shelby Mutual—Assets.		
\$25,026,372, incr., \$2,404,712; loss res., \$7,631,465; unearned prem., \$10,131,182; surplus, \$5,002,927, incr., \$430,906.		
Fire	155,392	79,140
Extended coverage	84,278	27,219
Other allied lines	532	—
Homeowners mult. peril	116,033	27,574
Inland marine	10,958	5,190
Accident	17,145	17,183
Workmen's comp.	1,219,400	689,474
Liability (not auto)	1,552,518	598,120
Auto liability (BI)	5,609,005	3,479,584
Auto PDL	3,994,506	2,156,535
Auto phys. dam.	3,557,844	1,890,763
Aircraft PHD	221,884	56,739
Glass	684,210	355,783
Burglary, theft	311,696	139,441
Auto medical	888,419	462,610
Other medical	29,108	8,775
Total	18,452,988	9,974,130

State Farm Fire & Casualty—Assets.		
\$23,467,446, incr., \$2,748,351; loss res., \$476,989; unearned prem., \$14,184,420; capital, \$2,500,000; surplus, \$7,811,541, decr., \$1,384,784.		
Fire	5,343,097	2,231,175



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	Premiums Earned	Losses Incurred
Extended coverage	2,724,675	1,557,133
Coml. multi. peril	1,442	—62
Homeowners	281,385	106,987
Coml. multi. peril	1,442	—28
Earthquake	575,269	1,133,621
Total	8,930,649	5,026,876
Stuyvesant—Assets, \$13,254,892, incr., \$777,965; loss res., \$753,945; unearned prem., \$7,533,521; capital, \$1,000,000; surplus, \$3,945,237, incr., \$941,373.		
Fire	5,002	4,533
Extended coverage	2,137	762
Ocean marine	8,160	333
Inland marine	242	—7
Auto phys. dam.	7,423,985	4,431,894
Total	7,439,526	4,437,515
United Services Automobile, San Antonio—Assets, \$39,363,976, incr., \$3,065,552; loss res., \$7,390,147; unearned prem., \$15,557,300; surplus, \$11,876,119, incr., \$867,698.		
Personal Prop. Floater ..	1,725,552	391,005
Auto liability (BI)	9,763,212	5,165,885
Auto PDL	4,842,737	2,540,712
Auto phys. dam.	12,634,493	6,045,291
Total	28,965,984	14,145,893
U. S. Casualty—Assets, \$47,037,285, incr., \$1,814,197; loss res., \$20,795,639; unearned prem., \$12,172,836; capital, \$1,000,000; surplus, \$10,697,479, incr., \$626,762.		
Fire	252,375	144,865
Extended coverage	182,708	32,111
Other allied lines	1,450	—93
Homeowners mult. peril ..	22,865	5,854
Commercial mult. peril ..	3,535	2,914
Earthquake	2,351	2
Ocean marine	256,447	181,710
Inland marine	269,939	180,124
Accident	88,212	23,721
A&S	17,819	6,818
Group A&S	147,203	80,723
Workmen's comp.	5,938,447	3,434,442
Liability (not auto)	3,736,182	1,891,782
Auto liability (BI)	6,952,006	4,681,884
Auto PDL	3,215,881	1,732,814
Auto phys. dam.	1,332,325	704,230
Aircraft PHD	30,462	28,368
PDL (not auto)	695,222	307,101
Fidelity	227,142	120,006
Surety	809,758	459,399
Glass	305,609	138,603
Burglary, theft	581,236	206,466
Boiler, machinery	32	—
Total	25,069,217	14,343,852

Commercial Property Cover in Cal. Now Follows IRIC Program

SAN FRANCISCO—Pacific Fire Rating Bureau has discarded its commercial property policies program in California in favor of the standard commercial property policy program now in force in most states. California was the proving ground for commercial block cover as it has been in recent years for a number of innovations in insurance.

For several years insurers were writing their own versions of block and competition became very keen, with rate loadings and form provisions being used as the principal weapons. PFRB published standard forms rules and rating methods in December, 1955, and most insurers are understood to have written block under that program since. Meanwhile, however Inter-Regional Insurance Conference has recommended a standard block program and a sweeping revision of it and fire rating organizations in most states have accepted these recommendations. PFRB, by adopting the IRIC version for California thus brings the cover there into line with block in most other states. The change was effective Feb. 15.

Agent License Bill in Iowa Near Passage

DES MOINES—Iowa Assn. of Insurance Agents' licensing bill continued to move through the Iowa legislature with the bill now on the senate calendar for final floor action.

The bill, which would require agents to show proof of character and competency before obtaining a license, was passed by the house and later the senate insurance committee reported the bill out for passage. The senate committee amended the bill to provide that no examinations would be required before April 1, 1958.

The senate insurance committee also brought out for passage the house-approved bill giving county and state mutual insurance associations the authority to provide coverage against loss to property. The auto dealers "full disclosure" bill was introduced in the senate. It would require a car dealer to give full details on insurance and finance charges when selling a car on installments.

Pan American Group Has Good Year in 1956

Pan American group of Houston had an underwriting and investment profit for 1956, Earl W. Gammage, president, said. Pan American increased its surplus to policyholders to \$1,263,480, a gain of \$244,617, while Pan American Fire & Casualty surplus increased \$124,449 to \$1,258,261.

Both companies also increased their assets, with Pan American ending the year with \$2,806,643 and Pan American F&C, \$3,586,538. Combined fire and casualty written premiums were \$4,396,000.

Ted C. Hodges agency in Walterboro, N.C., has been acquired by James W. Alford and Henry V. Boyce of the Alford agency there. The two will be merged and operated as Alford-Boyce agency.

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(CONTINUED FROM PAGE 4)

being, or to buy good will for his company.

A Temple university study made synonymous the terms "good adjusting" and "cheating on a bona fide claim."

I wonder what would happen if one company demanded of its adjusters that they presume good faith on the part of all claimants?

The insurance companies have taken on the "adequate award" with advertisements, planted stories in national magazines, newspaper yarns, brochures and publicity. But in any event, whether you like the adequate award or not, it's here to stay, and it's tending upward every day. In the communities where it has been introduced there has been a levelling off. The bigger verdicts have come down a little, and the smaller ones have tended upward.

In some communities the adequate award has still to hit. It is virtually unknown in Colorado and New England. Oregon is just beginning to acknowledge it, Washington is a little further ahead than Oregon, not much. The southern states, strangely enough, have had an upsurge out of proportion to the industrial north. In California, still there are counties that the adequate award has not touched. In Eureka, for example, juries use the 1905 buffalo nickel as the measuring stick for general damages. San Diego law was, until the last several years, more closely associated with standards of value in the Mexican economy a few miles south than modern California, but there have been verdicts in San Diego recently of \$215,000 and \$220,000.

But I have been derelict in discussing in my lectures throughout the United States awards of \$100,000, \$200,000, and \$300,000. This gives a false appraisal to current personal injury law. The \$100,000 case is one out of probably 100,000. Many states have still never seen a verdict that high. But I so lectured deliberately. In the first place, to raise the sights of the lawyers in the particular states, the judges and the jurors, so that a plaintiff's lawyer would go into court and say \$100,000 in a \$100,000 case without twice gulping or showing fear, and secondly, to prove the same modus operandi of demonstrative evidence could be used in the \$1,000 case as in the \$100,000 case.

I've written that liability insurance companies could put him whom they currently castigate for all their ills, the personal injury lawyer, forthwith out of business. All they'd have to do is pay an "adequate award" to the claimant as soon as the accident happens. Then he'd have no reason for going to a lawyer. Furthermore, the one-third the damage suit lawyer usually, and should, charge, could be split between the claimant and the insurance company.

But the problem is, you say, the "adequate award" is not an objective thing, and no prospective litigant being offered a figure, no matter how "adequate," will be satisfied. He'll go to a lawyer and demand more.

Let's, for the moment, concede this is partially true, say 50%. Let's, on the other hand, admit, as insurance companies, that our adjusters try to buy the case as cheaply, not as adequately, as possible. I am using the term "adequate" as I always intended when I coined the expression, the "adequate

award." It's synonymous with "fair," "just," "equitable."

Temple university, with no axe to grind, came up with an objective study that proved for the area under review, Philadelphia, in almost 95% of the cases examined, the insurance company did not make a realistic offer of settlement, and in this 95% of cases, the injured person would get more money if he went to a lawyer. And this after court costs and lawyer fees were deducted. So, obviously, it seems to me, these companies could directly settle at least some of these cases by originally offering a sum, or a little less, than they would eventually be forced to pay. Perhaps not all would settle directly for the enhanced offer, but for every one that did, costs of litigation, time and expense would be saved the insurer.

Today, even "double recovery" for medical benefits, hospitalization and wages has full approval of the law. I had one the other day in which a sailor was injured in an automobile accident and the value of his hospitalization, medical and doctors was around \$5,000. Every cent of this had been paid at Oak Knoll hospital by the government. However, the sailor sued and recovered, not only \$25,000 for his general damages, but the value of the hospitalization already paid by the U.S. The court opined that the \$5,000 was a gift or part of the inducement for his joining the service, that he did not have to pay this \$5,000 back to the government, that he got his \$25,000, plus his \$5,000 medical, and could keep both sums even though \$5,000 had already been paid for him.

Malpractice—suits against doctors for their surgical and medical errandies, hospitals, nurses, roentgenologists and technician negligence—is at an all-time high in the United States, and the highest incidence of suits, of settlements and verdicts, is in San Francisco. The situation is serious. The relationship between the bar and the medical fraternity is strained.

Ironical it is, too, that a doctor is needed in every personal injury case. As I've repeatedly said, the best personal injury lawyer could know 100% of the law and still only know 50% of the personal injury case, for the other 50%, indeed the answer to the question, "How serious is my injury, how permanent?" lies in the domain, not of the lawyer or the judge, but in that of the medical man. And no layman can substitute his testimony or "opinion" for that of this "expert," the doctor.

Despite anything that's said to the contrary, the supreme court of California, the U.S. Supreme Court, and most of the supreme courts in the 48 states have taken judicial notice and have declared that one doctor won't testify against another doctor in a case involving medical malpractice.

Who's right, who's wrong, of what interest is this to insurance men?

In the first place, it's wrong in this country for any one person or group of persons to "gang up" to prevent testimony being given in a court of law. Doctors do it. In the second place, jurors will, and have penalized doctors for doing this. That's one reason why malpractice verdicts are so high. They contain an element of "penalty" against doctors for their conspiracy. Another obvious reason why medical malpractice verdicts are high is that

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(CONTINUED FROM PRECEDING PAGE)
when a doctor makes a mistake, he makes a whopper. The "commodity" in which he deals is human life.

Any producers dealing in malpractice insurance have the duty of warning their clients of their exposure: It

can be tremendous. For plastic surgeons, X-ray men, neurosurgeons, and, indeed, all medical men, verdicts of \$300,000 are a now distinct possibility. You say coverage in this amount presents prohibitive premiums? Well, if the private insurance company can't

do it, then the doctor is going to have to look elsewhere—to state insurance, to cooperative insurance, or to a change of the system of law under which we live.

I have spoken elsewhere of my feeling concerning any form of "state insurance," but I have a suggestion: In the first place, the feeling of "guilt" should be removed from the medical malpractice case. The doctor doesn't intend or want the untoward result. Above all, he is the one who wants the good result. It's not that there are so many malpractice medical cases, it's the wonder there are not more of them, with the new types of surgeries, the new drugs, the new techniques, the number of patients and the few hours in the day to do the work and to learn of the new procedures.

I suggest for your consideration a form of insurance policy partly paid by the doctor, the majority paid by the patient as he goes into the hospital to cover him for "unanticipated medical result." By this I mean, rather than have to go to court to prove that the doctor was "guilty," or even "negligent," why may not the doctor and his patient have available a fund impartially administered?

Of course, this proposal is based upon the assumption that the present court system of trying malpractice cases has broken down. It hasn't, but the doctors and the insurance companies say it has. So my suggestion is the only alternative I know. Otherwise, you're not going to convince the layman or the lawyer to stop suing, and to stop suing for all he can get.

There are many cases in which the patient is crippled for life in which there is no negligence on the part of the doctor. In cases such as these, the layman reasons he was well before he went to the hospital but for the condition that the surgery was to cure. He is left a cripple after the surgery. Therefore, law suit and recovery. The surgeon, while not wishing to be "guilty" of anything, feels in sympathy with his patient recovering compensation. This is the type of case my proposed new insurance policy would cover.

I have another very definite proposal, either for the private insurance companies to take over, or for a state fund. And, I say right here, I espouse the private insurance company as compared to any sort of public or state venture in insurance or banking or other financial or economic institution: That a new type of policy be considered in the public liability field, one that would extend, for example, the

automobile medical payments (now available to insured and his passengers) to third parties for doctor bills and minimum wages. In other words, Mr. Unhappy Smith is run down by his fellow citizen and neighbor, Mr. Fortunate Insurance. It's a case of liability. Immediately would the insurance adjuster for defendant take over the cause of this potential plaintiff, see that he is privately hospitalized, and make arrangements for payment of his hospital and medical bills, and payments to him and his family of support, on a minimal scale, and all this without prejudice to Mr. Unhappy Smith's right to bring suit later as he recovers and ponders his prognosis.

Such insurance would obviously be beneficial to a prospective plaintiff. It would apply whether the case is one of liability or not. Such insurance would entitle the insurance company to make individual and repeated contact with the injured person, would deter suit, and would look forward to an equitable settlement. It would definitely deter the ambulance chaser.

If private insurance is not interested in such a novel policy, then I propose to present a bill to the legislature making available to personal injury victims a "contingent fund." Under this "contingent fund" a personal injury victim, or his next of kin, would immediately make application to a state fund for money for hospital benefits and living expenses pending the litigation he intends to bring, and giving the state fund a lien on his cause of action.

The state fund would thereby be going into a contingent fee arrangement, just as do personal injury lawyers today. The money would be paid back only in the event of successful litigation.

I see no insuperable obstacles in the administration of such a fund. I see tremendous advantages to the personal injury victim, and I would prefer that it be privately operated rather than state.

My final proposal: "National Stinker Week." I propose that one week out of the year be set aside to the settling of cases we plaintiff's lawyers should never have taken in the first place, or filed on in the second. This is that group of cases that has come to us from friends, relatives, and former clients, cases "we could not turn down." In this group is the case of the impossible liability, but tremendous personal injury. Herein are the slipping cases, the cases of \$250 damage with absolute liability, the food product warranty cases of insult rather than injury—in short, a mess of cases that clutter the

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plaintiff's law offices and in the aggregate, multiplied by the number of lawyers in a big city, double the staff of an insurance company.

Some of these cases should be squared away and dismissed. Some should be settled for something, and occasionally, some should be settled at fairly respectable figures. At any event, I would propose during "National Stinker Week" that all lawyers take this entire week to clean out of their drawers the "stinker cases" and settle them regardless. I propose that the courts be indulgent to set no cases for trial, and it may be, even offer their services in "arbitration" or informal pre-trial. I suggest that the insurance companies on their side revalue and be receptive to figures in these cases in this category during "National Stinker Week."

It's not the \$100,000 case that makes life miserable or sets the claim adjuster jumping. These cases we know and we can try them, or we know their value in settlement. It's these "stinkers" that our clients demand to be taken "all the way to the Supreme Court" and then, on certiorari, "to the Hague Tribunal." If we, on the plaintiff's side, could get rid of these and I would say that in the average active personal injury office there are many), life on both sides of the table would be more bearable.

Pa. Lumbermens Mutual Names Special Agents

Pennsylvania Lumbermens Mutual has appointed Edward C. McFadden special agent in western Pennsylvania and West Virginia, and Bernard McCogan special agent in eastern New York and parts of Massachusetts and Vermont.

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Service Guide

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Managing General Agents
"Unexcelled Insurance Facilities"
SERVICE TO LOCAL AGENTS
AND BROKERS EXCLUSIVELY
First National Bank Bldg., Tulsa 3, Okla.

ROBERT I. BUSHNELL

Consultant to
Insurance Companies
MULTIPLE LINE COORDINATION
Hoydens Hill Road Fairfield Connecticut
Clearwater 9-8852

Program Readied by Bond Producers

The program has been completed for the annual meeting of National Assn. of Surety Bond Producers in Washington, D.C., March 7-9. Warren N. Gaffney, general manager of Surety Assn. of America, will discuss "Construction Contract Bonds;" Sen. Gore of Tennessee, "Roads to Progress;" Frank J. Rooney, president Associated General Contractors of America, "Skill, Responsibility, Integrity;" Rear Adm. R. H. Meade, chief bureau of yards and docks navy department, "Responsibility of the Bond Producer;" Brig. Gen. W. K. Wilson Jr., deputy chief corps of engineers department of the army, "The Surety's Role in the Construction Mission of the Corps of Engineers," and E. L. Fisher, general counsel U. S. general accounting office, "The Relationship of the General Accounting Office to Your Association."

Association executive sessions will be held March 7 and 9. Election of new officers will end the meeting.

Want New AR Form for Changes of Car in N. Y.

Mutual Agents Assn. of New York state has urged that a new FS-1 form for assigned risk changes-of-car be devised and adopted by New York assigned risk plan. The form would be used by insured to effect transfer of auto registration in compliance with compulsory.

The association recommended to George Schepens, plan manager, that the new form contain space for insertion of the name of the assigned insurer and for producer's license number, "assigned risk" in bold type, words to the effect that the form is valid for change-of-vehicle only, and space for the signature of "producer of record" rather than "authorized representative."

Producers need the form now, the association said. Some 400,000 applications will be processed by New York ARP this year, and there will be as many as 150,000 transfers of auto registration, each requiring an FS-1. The association said that the present system of obtaining this form from assigned insurer is a burden upon insured and agent.

Van Lehn Promoted on Pacific Coast by P. W.

Providence Washington has promoted Leslie Van Lehn to superintendent of the fire department of the Pacific department. He has been with the company since 1950. He started his insurance career with New Zealand in 1929, and was assistant chief underwriter at the time he resigned in 1942. After a time in the brokerage field, he joined the Providence Washington in the provisional department.

Fundamentals Course at Detroit

An expanded 80-day institute on basic fundamentals of insurance will be conducted by Michigan State university at Detroit March 5-14. The course is sponsored by the university and 13 insurance organizations in the state, and is designed as a refresher course for experienced agents and a basic course for those planning to take the license examination.

Niagara Falls Agents Elect

Niagara Falls (N. Y.) Insuring Agents Club has elected Frank J. Ripple president, Joseph J. Cardamone vice-president, W. Ransom Rice treasurer, Robert C. Stevens Sr. secretary, and Kenneth R. Houlihan, Joseph A. McSweeney, and Charles Woodward Jr. directors.

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***BOSTON INSURANCE GROUP**

**BOSTON INSURANCE COMPANY
OLD COLONY INSURANCE COMPANY**

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(Agent's name, address and telephone number)

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DOMESTIC AND FOREIGN MARKETS

EXCESS UNDERWRITERS, INC.

Howard E. Mankin, Executive Vice-President
175 W. Jackson Boulevard, Chicago, Ill.

T. L. Osborn Predicts Package Policies in Mill, Elevator Fields

T. L. Osborn, American Manufacturers Mutual, speaking in Chicago to field men's association of Assn. of Mill & Elevator Mutual Insurance Companies and engineers of Mill Mutual Fire Prevention Bureau, predicted that package policies will become as common in mill and elevator insurance as they now are in personal insurance.

"You no longer can know only fire insurance," Mr. Osborn said. "You must read, study and learn more about what's going on in other areas of our business. Competition is progressing, and you need the equivalent of an automatic transmission and power steering to survive in today's advancing insurance industry."

The joint meeting also heard an address by E. B. Collett, Millers Mutual Fire of Texas, and a director of U. S. Chamber of Commerce. Other speakers covered a wide range of subjects designed to outline measures to prevent fire loss to mills and grain elevators.

Western of Ft. Scott Group Volume Up 10%

Loss and claim costs on virtually every major line increased for Western Casualty & Surety and its affiliate, Western Fire of Fort Scott, and underwriting results in 1956 were much less favorable than in prior years.

The combined loss and expense ratio was 98.89%, compared with 92.1% a year earlier. The underwriting margin of 1.11% produced an underwriting profit of \$379,651. However, the increase in volume required addition of \$1,366,015 to unearned premium reserve, thus producing a statutory underwriting loss of \$986,364. In 1955 there was a statutory underwriting gain of \$1,172,713.

Net investment income was \$895,420, up from \$890,560, which included \$45,692 of gains realized from the sale of investments as against only \$694 in 1956. After provision for employees profit-sharing and taxes, the 1956 net loss was \$192,289, compared with a net income of \$1,308,882, or \$2.91 a share on the 450,000 shares.

Premiums written in 1956 totaled \$37,069,939, a gain of \$3,415,026, or 10.1%. Losses and adjustment expenses jumped from \$16,740,329 to \$20,610,392, and the loss ratio increased from 54.99% to 61.67%. Acquisition and other underwriting expenses remained at 37.22%. There was a net increase in surplus of \$189,387, against an increase of \$1,628,961 in the previous year. Liquidating value of the capital stock was \$42.96 a share, against \$41.65 a share a year earlier, adjusted for the increased number of shares.

Assets Dec. 31 were \$52,637,189, a gain of \$4,665,771.

Elect. R. E. Finnegan in St. Louis

St. Louis Court of the Great and Jovial Order of Cat's Meow has elected Reilly E. Finnegan Jr., Universal Adjustment, most wise and powerful meow; Bennett G. Gregory, Insurance Board of St. Louis, most sagacious recorder of meows; George J. Reis, Western Adjustment, most faithful keeper of the catnip; James D. Cameron, Hanover Fire, inside keeper of the watch, and Lenly Weathers, Standard Underwriters agency, outside keeper of the watch. William H. Crandall, Aetna Fire, and Calvin H. Bowersox, Bowersox agency, were installed as new board members.

National Casualty Case Is Argued at Cincinnati

(CONTINUED FROM PAGE 1)

Dawkins, assistant U. S. attorney general, presented the arguments for FTC.

National Casualty's legal representation seemed to be the only direct insurance representation in the courtroom. The handful of observers seemed to have no direct interest in the proceeding and were evidently simply awaiting the next case on the docket.

Both sides in the case gave their own respective background pictures, which included some of the history around the famous South Eastern Underwriters case, the Clayton act, the McCarran act, and the Federal Trade Commission act.

One point upon which comment and attention were enlarged was whether or not the advertising in question was still being used by National Casualty at the time of the FTC complaint in March, 1955. Mr. Langs stated that during the complaint hearing, when P. J. Korn, executive vice-president of National Casualty, was asked by the hearing examiner if the material complained of was then being used, Mr. Korn stated that none was then in use. Mr. Dawkins said, however, that at the time of the complaint the company was still using 28 of the 45 pieces of advertising material cited in the complaint. In his rebuttal, Mr. Langs countered strongly that at the hearing Mr. Korn made a clear statement—and he quoted it. "We are talking about something that is non-existent," he concluded.

Mr. Langs argued that the basic issue is the question of jurisdiction. He stated that this issue is the question of whether a federal agency can ignore the will of the people and take from the several states their control of insurance.

He emphasized at the outset the unusual importance of the case, stating that 29 states had filed briefs in the court in support of the position of National Casualty, and that briefs had also been filed by organizations representing several hundred insurance companies.

Was the advertising deceptive? Mr. Dawkins said for FTC that the company claimed the advertising was not deceptive. He then quoted excerpts containing the words, "lifetime accident benefits," "lifetime indemnity accident coverage," and "I understand this peace and security will be mine for life." The fact is, Mr. Dawkins declared, that the insurance is cancellable at the option of the company.

Mr. Langs, however, strong pointed out that this is a very clear indication of either gross misunderstanding of insurance policies or a complete misstatement. He explained that when a person suffers injury under the policy, that person is covered for life and there is no cancellation with respect to that particular injury. The company, he declared, has paid on some such policies for 25 or 30 years and will continue to pay on them. This, he then said, is an example of the FTC's practice of taking statements out of context, a practice "to which we object."

In answer to a question from the judges as to what the company's record shows about cancellation before an accident occurs, Mr. Langs stated briefly that there are two types of policies, cancellable and non-cancellable, the latter, however, requiring a higher premium. One of the judges

whose non-cancellable policy had expired then wanted to know how long a "non-cancellable" policy is non-cancellable.

Arguments of National Casualty were:

—There has been no complaint by any insured, among hundreds of thousands of policyholders, that the company had engaged in any deceptive or misleading advertising.

—Where the action complained of no longer exists, there is no public interest, and therefore no action should be taken by FTC.

—What the FTC is attempting to do is to say that "although for 20 years you have accepted a standard, we now say you were wrong 20 years ago."

—There is nothing in the record which would indicate in one word or in one statement that the company is guilty in any way.

—FTC's position is that they are doing nothing more than helping the states; the fallacy is that the states did not criticize the company.

—Some states regulate more than others or have different types of regulation, but all states have regulation.

—FTC attempted to ignore the moratorium of the McCarran act.

—In connection with the McCarran act, the intent of Congress was that states should regulate insurance and that no laws shall have any application except those passed by the states to the extent that the states have not regulated insurance. The question immediately arises as to whether or not the states have regulated insurance. FTC took the position that it had jurisdiction. So they set aside all the laws.

—FTC has no jurisdiction and its decision should be reversed.

Some of the arguments of FTC were:

—The complaints against the more than 40 insurers covered the entire range of operations by insurance companies in this field.

—If a state acted against the company, the company could withdraw its agents and thereafter sell insurance in that state by mail, using all means of advertising. A state is helpless when an out-of-state company operates from beyond its borders and has no office in the state.

—"Our position here involves no more than to say that there can be coordinate action by the federal government and state government."

—"We think that the legislative history supports our position" that the FTC has authority to the extent not regulated by state law. When the McCarran bill was introduced in the House, it contained a provision that the FTC act shall not apply to insurance, but views against this were expressed in the House. When the bill came out of the conference committee it had been changed so that it applied to the extent not regulated by state law.

—The petitioner argued that a sample policy was shown to the prospect, but the record does not indicate that this was consistently done. In any event, the ordinary person could not be able to understand and comprehend the various policy provisions.

—Discontinuance of the practices does not render the case moot.

—The McCarran act is applicable to

Royal-Globe Writes 3.4% More, Loss on Underwriting Small

The 11 insurers in the Royal-Globe group wrote \$213,056,919 of premiums in 1956, a record, and an increase of 3.4%. The underwriting loss was \$392,199. Policyholders surplus increased about \$2 million to \$196,311,157, and assets went up more than \$8 million to \$494,125,809. On market value, policyholders surplus was \$167,957,478, a decrease of more than \$15 million.

Net investment income, after amortization and expenses but before federal taxes, was \$12,511,882. Incurred federal income taxes were \$3,964,297.

The loss and loss expenses incurred were 60.56% of earned premiums. Tax other than federal income amounted to 3.27% of earned, and general expenses, including commissions, were 35.43% of premiums written.

Unearned premium reserve increased \$5,020,967 for the group.

Fire and marine accounted for \$100,819,790 of premiums, a 4.41% increase. This phase of operations had an increase in the UP reserve of \$3,107,572. Losses and loss expenses incurred to earned was 57.12%, and other underwriting expenses and taxes except federal income reached 42.35% of premiums written. The underwriting loss on fire and marine operations was \$800,090.

Casualty accounted for \$112,237,129 of the premiums, an increase of 2.52%. The UP reserve here climbed \$1,913,395. Loss and loss expenses incurred to earned were 63.6%, and other underwriting expenses and taxes, excluding federal, 35.42% of written.

Indict 12 Sprinkler Firms

A federal grand jury in Charlotte, N. C., has indicted 12 manufacturers and distributors of automatic sprinkler systems on charges of violating the Sherman anti-trust act by conspiring to allocate customers for their products in North and South Carolina. The firms are alleged to have cooperated in establishing a quota system in the two southern states whereby each company was guaranteed a fixed percentage of the business written, and to have agreed to protect the price quoted by an individual company.

An auto compulsory bill has been introduced in the Western Virginia legislature.

the business of insurance to the extent that it is not regulated by state law.

What were the judges thinking? These were some of the questions and comments from them as the arguments proceeded:

To Mr. Langs: Does the commission in any way undertake to regulate anything beyond advertising? Do you mean that at the time of the issuing of the FTC order there were no misleading or deceptive statements? Do you take the position that there is no area of authority over insurance which is committed to the FTC by virtue of the legal aspects of the McCarran act? Your real trouble is when such (insurance) business is not regulated by state law. What does the record show about cancellation of policies before accidents occur—at age 60 or 65?

To Mr. Dawkins: A state can't act beyond its borders, but can act only in its borders.

Has this other case (American Hospital & Life) been decided?

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13 December 1956

Dear Mr. Plotkin:

I wish to take time out to express my appreciation for the fine service you and your company gave to the Herbert Construction Corporation subsequent to the recent windstorm.

It was gratifying to see the speed and well organized effort result in quick repairs to our buildings.

Thanks again for your kind cooperation.

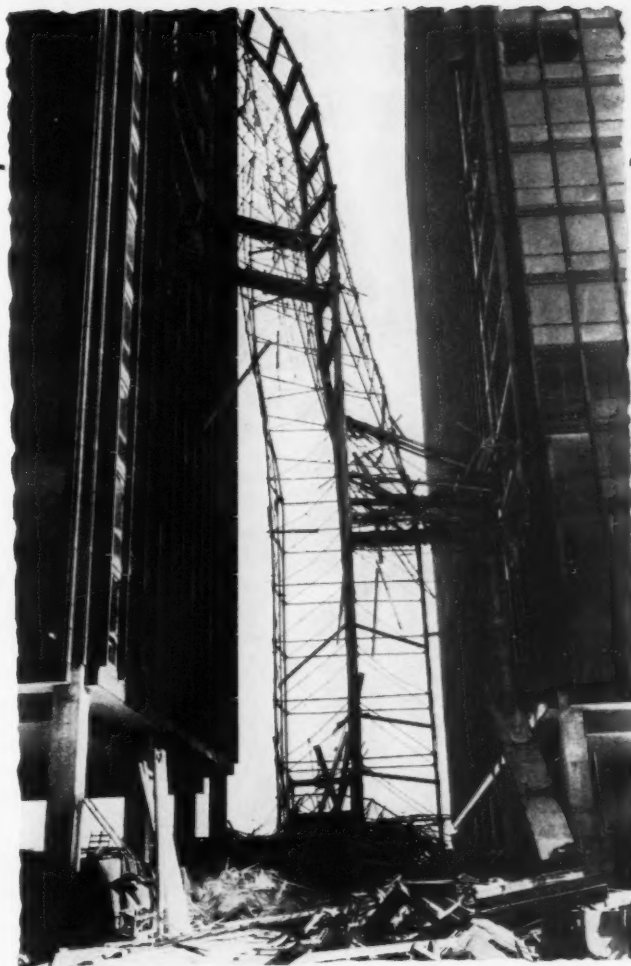
Very truly yours,

Irving Cherry
 Irving Cherry

IC:pa

Mr. Howard Plotkin
 American Glass Company
 1030-42 N. North Branch Street
 Chicago 22 Illinois

Call MOhawk 4-1100



Chicago Daily News Photo

4 AM, Friday, November 16, disaster struck at 900 Lake Shore Drive. This large apartment building, still under construction, was buffeted by excessively high winds.

During the storm a hoist broke loose and crashed into the side of the building—irreparably twisting hundreds of window frames and breaking hundreds of window lites.

The damage was substantial—running into many thousands of dollars and, more damage could be expected if the interior of the building were exposed to rain and weather. The openings had to be closed.

American was called at 5 AM and, by 9 AM, there were two truckloads of glass and a crew of glaziers at the job site.

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In order to improve our service even further, we recently had two way radios installed in our fleet of service cars and trucks.

Now it is possible to call our office for service and have a radio dispatched vehicle surveying your needs within a matter of minutes.

This constant desire to give you and your assureds the best kind of service has been responsible for the fact that 90% of our business is repeat.

We solicit the opportunity to make your assureds satisfied, thereby making your job of coverage renewal easier.

Normand Beris, President

American Glass Company
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OUR FUTURE IS HERE

History has a way of repeating itself. Our new Home Office, which will be ready for occupancy soon, is the third "home" we've built in our native San Francisco. Like those that preceded it, this magnificent structure personifies the indomitable spirit of FIREMAN'S FUND and our faith in the future of the free world we serve.

Our first Home Office . . . built in 1867 just four years after our incorporation . . . typified the courage

and spirit of our founders. Our second Home Office building was the proud symbol of our re-birth after the San Francisco fire and earthquake of 1906.

Just 90 years from the building of our first "home" we will be celebrating the completion of what has been described as "America's most functional and beautiful home office structure" . . . and the manifestation of our firm belief that the continuing growth of FIREMAN'S FUND is inevitable.



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